

INSIDE:



WHY THE QUEEN IS ANGRY

Maclean's

JULY 28, 1986

CANADA'S WEEKLY NEWSMAGAZINE

\$1.75

The Stars of Summer



'Heartburn' actors
Meryl Streep and
Jack Nicholson

30



Anthony Michael Hall is Daryl Cage.
Eighteen years on an Iowa farm
never prepared him for a summer in L.A.



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CANADA'S WEEKLY NEWSMAGAZINE

Maclean's

JULY 26, 1996 VOL. 99 NO. 30

COVER

The stars of summer

In summer, movie audiences seek frosty entertainment. This season, comedies dominate the leaders at the box office. One of them, *Beverly Hills*, based on Nora Ephron's novel and starring Meg Ryan and Jack Palance, represents an astonishing transformation of private lives into public amusement. —Page 32

COURTESY OF JEFFREY KOBBER/ENTERTAINMENT PICTURES
BETTY FRASER/HARVEY KURTZ/CONTRIBUTOR



A divisive royal showdown

Margaret Thatcher's refusal to enact sanctions against South Africa threatened Commonwealth unity—and prompted reports of coups in Buckingham Palace. —Page 13



Turn Commonwealth ties

Opposition to Britain's South Africa policies has led to a boycott of the XII Commonwealth Games on the part of at least 20 countries, including Nigeria and Kenya. —Page 41



The borderline loophole

Selling U.S. military equipment to embattled nations has been turning a profit for unscrupulous businesses exploiting the open Canadian border. —Page 8



Fergie plays hooky

While Prince Andrew enjoyed his bachelor party, Sarah Ferguson took a break from preparations for their July 25 wedding and went nightclubbing. —Page 31

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The elite of King's

Staff Writer Pamela Young, who wrote the story as the summer box-office phenomenon for this week's cover package, joined Maclean's on May 28, directly after her graduation. She belongs to an elite group of graduates from a relatively small journalism school, that of the University of King's College in Halifax. A combination of strong teaching skills, good student morale and an emphasis on developing basic writing and reporting strengths makes the school one of the most effective in the country. Young and two other alums at Maclean's, Staff Writer Sherri Alkerbernd and Ottawa Staff Correspondent Marc Clarke,

On the subject of movies and actors, Young says that she is an unashamed fan. "I love movie stars," she added. "I have a special weakness for 1930s and 1940s comedians. The *Philadelphian Story* is one of my all-time favorites, and as the whole black-and-white film of that period is in penultimate release." Young added, "I'm a sucker for serials, mystery cases and debt squatters. And I think black-and-white is a much more glamorous medium than color."

On the cover subject of *Margot at the Wedding*, Young was also enthusiastic. "I also thought Nicholson was wonderfully funny as an unscrupulous Garret Breveer in *Terror of the Autoworkers*," she said. "And like everyone these days I think Streep is a fascinating performer." Young also said that, oddly, her favorite Streep movie is *The Devil's Advocate*, released in 1997. "Not that it was a box-office turkey," she acknowledged. And in an interview for the cover, Streep agreed, but went on to describe *Night as Heat* as her "worst performance."

Karen Doyle

Wickham's July 28, 1990

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using the Missouri Index, the European literature published on May 1-3, 1962, was used as information on the Missouri Chrysanthemum nomenclature problem. Based on this data, new names and parts of names, if applicable, to A. R. 1886 French's *Chrysanthemum* were re-

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LETTERS

Doctors strike out

With regard to the doctors' strike ("Reaching the boiling point," Canada, June 30), one cannot oppose the recent action of the government of Ontario without also having opposed the Canada Health Act of April, 1984. But where were these striking doctors then? The act, in point of fact, passed unanimously through the House of Commons in Ottawa—a rare fait fait for any legislation. Could all the doctors in Canada really not have successfully lobbied even one MP to dissent on the act? The premier of Ontario did raise nothing more than faint allusion to it, which presumes governments have been too weak to fail.

—ISA MIRIBI,
Vancouver, Ont.

Perhaps because so many of us doctors are members of this group with whom we share few common interests, Ontarians have chosen to disregard the real issue behind the doctors' strike and with it the state of health of their bank accounts.

—PHILIP LINDBERG
Winnipeg, Man.

No sex for sale

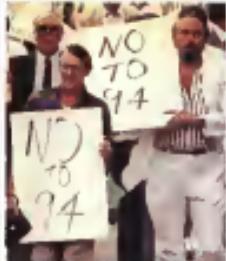
In Alan Rutherford's "The prudes are in full swing" (Canada, June 30), the Ruth is Army! Government had nothing to do with the decision of convenience stores and gas stations to depict pornographic magazines, T-11s, strip joints, Playboy and Hustler on grounds of customer preference, not censorship. The marketplace, not Parliament, ultimately determines who buys what, and where, in a free society. Ruth's problem? He fails to understand shoppers who don't want sex served up with their aspirin.

—GAIL E. ARMSTRONG, PhD
President, Ryerson College
Vancouver

Honoring a hero

Dave Currie may have been "known to the general public as the man who carried the stars at the opening of daily sessions of Parliament" (Passages, July 7), but he was known to me as a brother officer in the 29th Canadian Armoured Reconnaissance Regiment (South Alberta Regiment) and as the officer in command of a tank force that successfully helped to bottle up the German VII Army as the "Falaise Gap" was closed during the Second World War in the vicinity of St. Léonard-Bar-D'Iberville, far which he was awarded the Victoria Cross. I am disappointed that this fact was missed. Our real heroes deserve much more than this—curse you, Mr. Toronto!

Letters are edited and may be condensed. Write to: Readers' service editor, *The Star*, 355 Yonge Street, Toronto, Ontario M5R 1A7.



Ontario doctors: a little less free

PASSAGES

DEB: Journalist and Canadian Press veteran John LeBlanc, 75, a man of few words in conversation but whose reporting and writing skills were valued by his colleagues to be among the best in the profession, after a brief illness, is Syringes, N.B. LeBlanc started work with the *Sydney Post* in 1929 and in 1933 he joined *Le Maritime* bureau as a five-week reporter, launching a career with the national news agency that lasted 41 years; with postings in Senneterre, Montreal, Ottawa and London, England. LeBlanc's writing style was clear and direct, but what made his copy outstanding were his vivid descriptions of people and places and the memorable images they created. LeBlanc retired from CP in 1974, then joined the *Cape Breton Post*. In Sydney he wrote editorials and a column. He retired for the second time two years ago. Best class friend Gillis Parell, retired general manager of crf and LeBlanc's boss for most of his career. "From the time he first joined crf, John's writing had class—and it got closure."

TONY: Edmonton show jumper Gull Greenough, 25, the show-jumping, gold-medal world champion title, after competing for four perfect rounds, three points ahead of the opposition's scores and one on her own merit. Mr. G. in Aachen, West Germany. Greenough, who rode facilities before a local crowd of more than 62,000, including Princess Anne, is the first Canadian and the first woman ever to win the title. She had been given the least chance of any of the Canadians participating to win, having ridden in only one other major international event, the World Cup held last April in Göteborg, Sweden, where she came 23rd.

BRIAN: Actress Florence Balog, 68, who played the rough-voiced, worldly wise court buff in the TV series *Night Court* of cancer, in Los Angeles. Balog, who also appeared on TV's *St. Elsewhere*, took over the buff role last year from Selma Diamond, who died of cancer at 64.

APPOINTED: Conservative backbencher Mr. James McGeeth, 54, who for 29 years represented the Newfoundland riding of St. John's East, an Lieutenant-governor of Newfoundland, effective in early September. McGeeth, a former broadcast executive, was first elected to Parliament in 1957, then re-elected in 1958 and 1962. He was defeated in 1968 but was elected again in 1976 and every election since. McGeeth had openly said that he had ambitions to become a cabinet minister in Prime Minister Brian Mulroney's government.

Q&A: BENJAMIN NETANYAHU

Standing up to terrorists

Our troops have been very clearly involved in the politics—and the tragedy—of terrorism that Benjamin Netanyahu, currently Israel's ambassador to the United States, New York, 37, served for five years in the Israeli Defense Forces and for two years as Israel's deputy ambassador to the United States before being appointed to the post in 1986. He is married to the brooding Leah Goldstein, Netanyahu's one-time killed wife leading to the Israeli ambassador to the United States to reverse his strategy, most of whom were Israeli, in 1978. Netanyahu has edited and contributed to a recent book titled *Terrorism: How the West Can Win*. We spoke to Maclean's correspondent Gregory Winstanley in New York about the uncompromising attitudes that he believes are necessary to combat terrorism.

Maclean's: Why is it a bad policy to listen to terrorist demands?

Netanyahu: Terrorists do not seek compromise. They seek capitulation—to overthrow the system they're fighting against. They, or the regime they rep-

resent, are not interested in the set of politics—that is, the maximalist resolution of conflict—because if they were, they would not engage in this type of violence. Terrorists are bullies, they are cowards. When you are dealing with bullies, there is no substitute to standing up to the bully.

Maclean's: How can you stand up to the terrorist without risking civilian casualties?

Netanyahu: Civilian casualties are inevitable because terrorists not only kill civilians, they hide behind them. Like Amman leader Maamar Gashall, said he would bring in American and European civilians to the terrorist training camps in order to make it difficult or impossible for the United States to strike at him. In other words, the terrorists deliberately plant their bases among civilians in order to dare the visitors to

respond. Civilians casualties—which you try to minimize to the greatest extent possible—are inevitable in just about any military engagement and should not deter governments from taking arms.

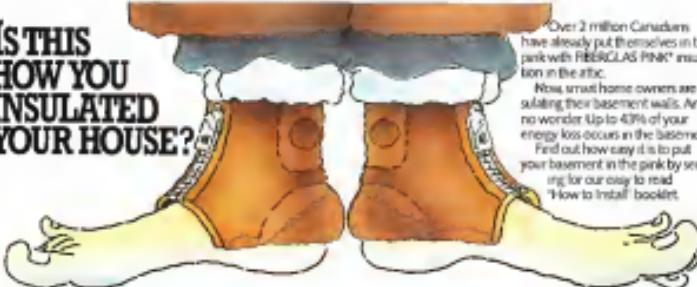
Maclean's: Does poverty or political oppression lead to terrorism?

Netanyahu: That's a copout. There are plenty of grievances around the world. Many of them may have legitimate roots, but that is not the point. The world has decided that there are certain ways that are unacceptable in waging war, and one of them is the deliberate attack on civilians.

Maclean's: Foreign NGOs are travelling to Europe because of fears of terrorism. How does this accord with your view of civil society—the courage that should be shown by an entire people?

Netanyahu: It doesn't. It doesn't follow in a moral fashion, but it is your travel agent, and it doesn't follow in a pragmatic sense. It is less safe to cross the streets of some North American cities than to travel by air to Europe. □

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SIMPLY OUTSTANDING

ENTRE-LACS AND EXPORT



COLUMN

The incredible shrinking dollar

By Dian Cohen

Canadians depend on exporting goods to the United States for their standard of living. But Washington has embarked on a set of policies designed to keep selected exports out of the country. The main action is directed against Japan, which has a trade surplus with the United States of \$35 billion. But Canada, with a trade surplus of \$35.5 billion, is in parity too.

American policymakers have acted as though they believed that the inability of American manufacturing companies to compete with the result of a too-expensive U.S. dollar. Six years ago they forced down the value of the then high-flying currency. This action was meant to perform several functions. First, by making the U.S. dollar cheaper in terms of marks, yen and francs, foreign goods would appear less attractive to Americans, who would then switch to domestically made goods.

Since then, the U.S. dollar has lost 30 per cent of its value abroad, but the American trade deficit with Japan has failed to improve. Some people are beginning to think that it never will improve and that, because the premise of devaluation is wrong, the U.S. trade deficit will continue to grow—prompting lawmakers to adopt more draconian measures of protectionism.

Here is how the policy should have worked. The 30-per-cent appreciation in the value of the yen since last September should have made Japanese exports less attractive to American buyers. A fall in demand should have prompted Japan to reduce its shipments by as much as 40 per cent in 1986, thereby preventing the dollar members of the U.S. trade deficit from rising. For the dollar members of the deficit to go down, the cut in shipments would have had to be as much as 85 per cent.

But that is not happening. Japan's main exports to the United States include cars, video cassette recorders and computer memory chips. American consumers have proved willing to pay a higher price for these goods. With continuing demand, Japanese manufacturers have had no reason to reduce their export volume. The new

Japanese passenger car manufacturers will ship more than two million cars in 1986, approximately as many as they did in 1985. It does not take much mathematical wizardry to recognize that if the volume remains the same but the price goes up by 35 per cent, the bottom line is that the dollar value of that trade will go up. If the yen stays around 160 to the American dollar, the U.S. trade deficit with Japan could rise by close to \$30 billion.

The last year, though, has been a year of convergence of most of the Far East's newly industrialized countries, or NICs (South Korea, Taiwan, Singapore, for example), which have moved to the American dollar. So when the dollar's value drops, the NIC producers become cheaper. These countries' trade surpluses with the United States will expand before the end of this year. Meanwhile, many Japanese and many U.S. companies operating in Japan have

It is essential to understand that there is more to dealing with trade imbalances than fiddling with exchange rates

moved their headquarters to one or more of the six. Although the country of origin will not be Japan, the trade surplus of the Far Eastern countries together will continue to grow.

As these trade surpluses increase, there will be mounting U.S. pressure to make the yen even more expensive. On the basis of the American response to a wide variety of Canadian exports, it is not difficult to imagine a similar scenario in which U.S. officials demand a similar increase in the value of the Canadian dollar. That could spell disaster, since our competitiveness relies on a cheap Canadian dollar.

It is essential to recognize that there is more to trade imbalances than fiddling with exchange rates. As Kenneth Ohara, managing director of McKinsey & Co. in Japan, pointed out recently, the demand or what is foreign may have to change. For example, he said, is the \$4 billion Japanese market to the United States run by American companies operating in Japan a foreign? Should the \$30 billion of components produced in Japan for inclusion in larger U.S.-built products be

counted as Japanese exports? Ohara makes an apparent point when he says that the NICs creating their own trade surpluses with the United States "are not new Japanes" ready to become competitors of the United States." Added Ohara, "Taiwan's economy, for example, relies on American and Japanese multinationals and thousands of cottage industries serving them. These countries have become part of the American manufacturing sector." There are no corporate names like Taiwan, or American and Canadian plant names in Japan, Taiwan and Malaysia, and Japanese car manufacturers produce in California and Tennessee.

The solutions to restoring trade balances rest less with fiddling with currency changes and more with understanding how much the world of business has changed in the past dozen years. Two decades of inflation have imposed significant changes. Before 1965 investors made their choices on the basis of a corporation's economic viability. But since inflation has destroyed our concept of what has value, investors have shifted their perspective from being interested in the business itself to being interested simply in its short-term return on investment. The mood of uncertainty and a lingering fear of a return to our recent inflationary past have made company directors wary of making heavy capital expenditures such as retiming and modernizing plants. Even now, after a year of low interest rates, low inflation and low energy prices, the attitude prevails that investing in manufacturing is a risky business.

We in Canada have been equally reluctant to face this fact, and now we must cope with declining industries that need to be restructured if we are going to have anything to sell in the world in another 10 years.

The United States, meanwhile, has managed to dole out not only itself but the rest of the world in maintaining that the expensive U.S. dollar is at the heart of the problem. Canada could do a great service to itself and possibly its neighbour by embarking on an action plan that involves rethinking Canadian manufacturing industries. If we do not succeed, we stand to be caught in the cross fire—wiped out by the superiority of developing countries and shot out by American protectionism.

Dian Cohen is a Montreal-based economics writer.

Lucrative lawbreaking

The cargo was sensitive—11 packed raystons microstrip tubes, valued at \$30,000 each, for use in radar air defenses.

The transfer had been meticulously planned, tracked to Montreal from an American wholesaler in Newark, N.J., stopped to Turkey and smuggled across the border into Iran. But once in the sun, agents began to notice and the U.S. Customs Service had moved. Montreal businessman Metin Tahir, 41, the target of an undercover investigation, The Turkish owner, CEO of Black Gold International Construction Inc., an electronics import-export firm. Tahir was what law enforcement officials call a "30-percenter," the suspected middleman in an operation to ship the tubes to Iran. His motive to share in an estimated \$84,000 profit from the sale. But last Dec. 2, Tahir was arrested by U.S. Customs agents near Newark, after meeting customs operatives to finalize the deal. Said special agent Arthur Stifel, who re-organized the investigation: "Tahir had no ties at all to any political faction. It was strictly a dollar-and-cent arrangement."

Tahir's arrest and subsequent conviction on July 30 two years in prison focused attention on how enterprising middlemen like Canada to circumvent American law. Said David Adam, director of Canada's export controls division of the external affairs department: "Our concern is that because of our open border, Canada is being used as a back door to move American technology to unfriendly countries." Officials on both sides of the border say there are many middlemen willing to risk fines and jail sentences to reap the lucrative profits available by diverting strategic parts and weapons to embattled countries like Iran and Iraq.

The profits are growing, say U.S. Customs officials, largely because clandestine purchasers are willing to pay huge markups to acquire Western technology. While the Soviet Union

and its East Bloc allies are the main markets for sophisticated electronics and computer parts, other countries have added to the recent demand. Among them is Pakistan, which is alleged to be seeking parts for its embryonic nuclear weapons program. Iran has also been trying to obtain spare

• The Jan. 28 arrest in a Toronto hotel of Heinz Goldschmid, an Austrian later convicted in the United States of conspiracy to export \$10 million worth of TOW missiles and other military helicopters to Iraq via Belgium. Colyseek, the target of a sting operation by U.S. Customs agents operating



Customs Customs agent inspecting cargo, casting an eye on American interests for American products

parts for its American-made military equipment since a U.S. trade embargo was imposed in 1980. In response, Canadian and U.S. police and customs officers have tightened export-control operations and are using new tactics, such as so-called sting operations in which undercover agents pretend to be dealers to gather evidence.

In addition to Tahir's arrest and conviction, recent cases include:

- The arraignment in a Montreal court last month of Joseph Loosky, 28, a French citizen charged with five counts of illegally shipping computer parts to the Soviet Union via Belgium. At a bail hearing, as your officer testified that Loosky admitted to mailing 14 shipments of Digital Equipment Corp. computer equipment, used in the production of missile guidance systems,

out of Buffalo, was recorded on videotape discussing the possibility of exporting the weapons through Canada.

• The acquittal in a Boston court in March of Leslie Klein, an Ottawa businessman charged along with 11 other Canadians, Swiss and West German defendants with 22 counts of conspiracy to divert American-made computer systems to the Soviet Union through Canada between 1979 and 1983. Klein insisted that he was unaware of the diversion.

The illicit arms trade in a major concern for Canadian officials. In January, 1985, Ottawa set up the Enhanced Export Control Program, requiring more stringent application of Canadian export laws by customs officers. Since the program began operating last August, the number of detections has risen to

almost 1,400 from fewer than 100 in the same period the year before. "For 30 years the controls were applied in a half-assed way, relying on the exporter to voluntarily disclose what he was shipping and where," said export control chief Adam. "Now, we are finally putting some teeth into our law."

The campaign to toughen Canadian controls was partly a response to pressure from the U.S. government. Postage reports issued in 1983 and 1985 concluded that Soviet espionage agents have established an extensive network of contacts and front companies in the United States aimed at acquiring sophisticated technology, particularly computer and digital electronics systems. In 1981 President Ronald Reagan

under Canadian law had a U.S. Customs agent who worked on the case "had opened our eyes to the problem north of the border."

Since then, Canadian officials have shown an increased willingness to assist in the American crackdown. When Goldschmid flew to Toronto to finalize the purchase of missiles and heli-copters, American agents were able to arrange extradition papers in 24 hours. Said Walter Knutty, a U.S. Customs agent who worked on the case: "The co-operation from Canada was invaluable."

Despite tighter controls, the operations are continuing. Said Jack Wasserman, a Montreal lawyer who prepared the unsuccessful 1984 case against

Iranian officials he predicted to demonstrate the final destination of goods. Because the material is often shipped among several companies, leading a complicated trail of paperwork, police have sometimes found it difficult to prove conspiracy charges in court.

It has been even more difficult to get convictions in Canada. In the most celebrated case of its kind, in 1984 Ottawa charged two Montreal businessmen and an engineer with conspiracy to export high-speed electrical inverters—and in the production of nuclear weapons-grade uranium—to Pakistan. When the Crown failed to prove that the accused men knew that the inventors were destined for Pakistan's atomic program, one man was acquitted and the two others convicted on the minor technical charge of failing to acquire an export permit.

These legal setbacks have led customs agents to launch more aggressive sting operations, which attempt to reward the middleman's ventures to buy restricted goods. For that, police and customs officers rely as the manufacturers themselves to alert them to suspicious purchases. In the case of Tahir, whose \$120,000 shopping list also included precision aircraft ejection seats and radar for the F-14 fighters used by Iran's air force, agents were alerted by a small wholesaler after Tahir approached him to buy the tubes. Undercover U.S. agents posing as suppliers then contacted Tahir. Over the next five months they videotaped Tahir financing his plan to divert the parts to Iran.

In the Klein case, the Ottawa businessman was charged with violating U.S. law even though the Canadian government had provided him with an export license to ship Digital's computer equipment to West Germany. "I did not do anything illegal," Klein told *Maclean's*. "Why do I need to get a Canadian government permit if I can still be prosecuted in the United States? They are violating the sovereignty of this country, and the government lets them do it."

But Canadian officials maintain that it is in the country's national interest to assist in the American crackdown. Said Adam: "We are to enjoy the benefits of unimpeded access to U.S. technology, we must make sure it is denied to countries where the United States does not want it to go."

—BRUCE WALLACE is a Montreal



Chopper spotters: Black door through Canada to export American arms-export abductions

crowded Operation Exodus, a special branch of the Customs Service, to examine what he called "the massive hemorrhage of American technology to the Soviet Union." But since Exodus, aware that there were few restrictions on shipping U.S. high-technology goods to Canada, circumvented the crackdown by using Canadianmiddlemen to import the parts and forward them to the embattled countries.

The Canadian connection gained notoriety in 1978 when U.S. Customs officers arrested Gerald Hall, a brilliant aerospace engineer and artillery specialist who had been connected with illegal weapons sales to South Africa. But although Hall operated his Space Services Corp. from an \$800-room compound near High River, Que., close to the U.S. border, he was never charged

three Canadians charged with exporting parts to Pakistan for its nuclear weapons program. The political will to stop proliferation is undercut by the thousands of businesses willing to fill orders to buy back.

The rewards for illicit sales to Iran are particularly large. That country's 20-year war with Iraq has made its leaders so desperate for replacement parts for its U.S.-designed military equipment that it pays up to four times the market value for strategic components.

According to U.S. Customs sources, most deals are paid for by letters of credit drawn on Soviet bank accounts. As well, the offer to purchase usually includes the production of fraudulent end-user certificates. Both Canadian and U.S. laws require that doc-

Sensational paper-chasing

The tensions and the stakes were clear from the start. For one thing, David Scott, chief counsel for the federal inquiry into the affairs of former federal cabinet minister Steven Stevens, declared that federal civil servants were writing aside important government documents—to protect secret cabinet correspondence from public disclosure. Then, Stevens's lawyer, John Sepkula, delivered a series of unsuccessful arguments against allowing live television coverage of the public hearings. Deirdre Scott after the first day of testimony last week: "It is going to be a dogfight the whole way."

The committee, chaired by Ontario High Court Judge William Parker, was appointed by Prime Minister Brian Mulroney on May 15. Stevens himself had asked for the inquiry in the wake of allegations that he had breached conflict-of-interest guidelines while serving as industry minister from 1984 until the future forced his resignation from the cabinet on May 12.

Last week Scott and his staff began sifting through thousands of documents—including 3,000 five-inch-thick files from the industry department alone—that have already been submitted. Then, when the proceedings opened, Scott distributed to 14 briefers representing accredited parties to the inquiry a 29-page list of allegations against Stevens.

At the heart of those allegations was a \$4.6-million loan to one of the former minister's family companies. The loan, negotiated by Stevens's wife and business partner, Noreen, was from Astor Gaigas, co-founder of Magna International Inc., the Markham, Ont.-based auto parts company that last year received \$138 million in grants from Stevens's department. Other charges claimed that Noreen Stevens, vice-president of the real estate arm of the family-owned York Centre Corp., had approached several Toronto investment dealers last year to raise funds for the financially troubled company—just

before those firms were about to receive lucrative contracts from Stevens's ministry.

With a view toward his client's political furies, Sepkula's strategy last week was clearly to safeguard Stevens's privacy and narrow the scope of Parker's investigation. Scott seemed equally eager to broaden the inquiry. One of



Scott looking into a cabinet minister's blind trust

his concerns that Ottawa bureaucrats were using a "broad brush approach" in designating potentially relevant papers as privileged—and secret—cabinet confidences. But the federal government's lawyer, Ian Ross, pledged to provide him of any documents that are withheld from committee investigators, and provide an opportunity for arguments before their release. That assurance appeared to satisfy Scott. "I wanted to get his attention," he said, "and we got it."

In addition to the legal jousting, the first week of testimony revealed several new facts. Among them: Shirley Walker, a longtime employee and officer of Stevens's companies who resigned her

directorships in 1984 to become his government-paid special ministerial assistant in Toronto, continued to act as half of company in Stevens's blind trust. Although senior ministerial staff members are prohibited from such activity under the conflict code, Walker was apparently still involved in managing GIE Construction Ltd., the Stevens family holding company, and the York Centre Properties subsidiary. During a frantic day of proceedings Scott produced letters signed by Gordon on company letterhead in 1985, months after she had ostensibly relinquished her role in Stevens's corporate activities. (See letter below, P. 8, 286.) Walker gave instructions to Handi Bank Canada's Toronto offices about paying down \$200,000 of York Centre's \$4.6-million loan with the bank.

In testimony, Walker denied writing the letters, but she could not recall who gave them to her for signing. Said Walker: "I can only conclude it was something I was asked to do." As well, she claimed to use York Centre's office, receptionist and telephone services, although the conflict guidelines also required her to sever those business connections when she joined the ministerial staff.

The federal conflict-of-interest rules, in effect in 1985, required all ministers and senior aides either to sell personal business holdings or place them in a blind trust. The rules did not require spouses to take similar actions, but a letter from Prime Minister Brian Mulroney told ministers "to prevent conflicts of interest, including those that might arise out of activities of their spouses or dependent children."

Robert Boyle, Ottawa's assistant deputy registrar general and the man charged with verifying compliance with the guidelines, acknowledged that a wife who managed companies in a minister's blind trust "could be a problem." But, said Boyle, Stevens had complied with existing rules because the minister had stated that he was unaware of Noreen Stevens's activities on behalf of York Centre Corp.

Stevens, meanwhile, was working on his farm outside Aurora, Ont. Dutifully in good spirits last week, Stevens refused to speculate on his chances of ever regaining his place in cabinet. He told Mulroney that he was more interested in focusing than in watching the proceedings as it. But before Judge Parker completed his inquiry, Stevens will get an opportunity to watch the commission up close—testifying as a witness in his own defense.

MICHAEL POSNER with MICHAEL ROSE in Ottawa

Racing to break from a crowded field

Both are self-made women who have excelled in the male-dominated world of politics. Both espouse free market views. Consequently, it was no surprise that Britain's Margaret Thatcher, 63, established an instant rapport with British Columbia's Provincial Secretary Grace McCarthy, 58, the frontrunner in the tight race to succeed William Bennett as premier and head of the B.C. Social Credit Party.

During Thatcher's July 17 visit to Expo '86, the British prime minister spotted McCarthy coming down the receiving line at a private reception in the Hotel Vancouver. Quickly opening her black handbag, Thatcher rummaged around and pulled out one of McCarthy's red, yellow and blue campaign badges. Then, just as McCarthy was to leave, Thatcher held the "Cross" badge to her collar and motioned impatiently for a photographer to take their picture. For McCarthy, the gesture by Britain's first female prime minister was as encouraging as it was to her campaign to become Canada's first female premier. Said McCarthy: "Hope they got the picture."

As the contest entered its final stages, McCarthy seemed closer than ever to achieving her ambition. A recent newspaper survey of delegates at the July 29-30 leadership convention showed the once-faint leading eleven other candidates—at least on the first ballot. With 49 of 99 delegates selected meetings completed, the Vancouver Sun said McCarthy had the support of 250 delegates who will attend the convention at the Whistler Conference Centre, 65 km north of Vancouver. Kamloops lawyer David Brad Smith, 40, Bennett's former principal secretary, was in second place with 200 committed delegates. Newfie Senator-in-waiting William Vander Zalm, 52, was third with 190, and B.C. Attorney General David Smith, 58, was fourth with 96. The other eight would-be premiers claimed fewer than 60 delegates each.

However, Bennett organizers warned that the race was still volatile and could break wide open at the convention. With about 38 per cent of the

1,300 delegates still uncommitted, some party officials predicted that five ballots might be necessary to select a successor to Bennett, who announced on May 22 his plan to resign after 10 years as premier. B.C. Vancouver delegate Lorraine McNeilly, 38, a single's game trying to figure out the numbers: "Everybody's got their own."

Although Vander Zalm's campaign

delegates said organizers for certain candidates had offered to pay travel and accommodation expenses—more than \$5,000 in some cases—in exchange for votes.

For Second delegates, the choice of leader will be critical. The new premier must oversee the non-past lead in public opinion polls held by the New Democratic Party under the low-key Robert Shaif and lead the



McCarthy at Vancouver constituency meeting: a volatile campaign that could still break wide open

organization was the weakest of the front-runners—300 people compared with about 400 working for McCarthy—the charismatic campaigner, 58, was attracting support from Social Credit's fundamentalist right wing. In an attempt to give himself a more contemporary look, Vander Zalm—founder of a chain of nursery gardens—shaved off his long malarkey Mowhawk; candidate Robert Weston, 66, Conservative MP for the B.C. riding of Fraser Valley West, was spending up to two hours a day on the phone talking to delegates. And Brad Smith, a political pragmatist with links to the federal Conservatives and Ontario's Tory Big Bag Macklin, planned to visit 90 organizations in the last 10 days of the campaign. Said John Murphy, Smith's communications director: "Most of us got embarrassed by his schedule. He gets inundated by it."

The intensity of the campaign has led to charges of irregularities. Some

party to victory in the next election, due by 1990. "Anyone of them could be leader," said Wayne Dubien, 47, a delegate from the province's South Fraser River. "We have to elect someone who can beat the NDP."

Whether wins, the outcome of the Whistler convention will change the face of the Social Credit party. Should the old guard win under McCarthy or Vander Zalm, it will purge the former's office of the eastern-trained operators who dominated the Bennett administration for the past six years. If Brad Smith's forces take power, they will face stern tasks with the federal Tories and old-line Socreds still. But a party they no longer know is the end, the convention may choose a compromise candidate. One possible choice: Bruce Smith, a member of Bennett's cabinet since 1980 who is well liked by the B.C. caucus.

JANE ORPWOOD in Vancouver

A secret proposal

The confidential dispatch from Prime Minister Brian Mulroney to the premiers last week included both a request and a warning. The three-page letter, obtained by Maclean's, asked the nine governors—nearly English-speaking provinces to set aside their demands for constitutional reform while Ottawa seeks a formula for bringing Quebec into the Constitution Day by concentrating on Quebec's demands, Mulroney argued.



Mulroney and Bourassa in Quebec City in June, postponing provincial demands

gave, can a compromise be found that would persuade the province to sign the document it rejected in 1981. At that time, Quebec—arguing that it had not been granted adequate powers—was the only province to reject an accord, which led to the proclamation of a new Canadian constitution in 1982. Said the Prime Minister in his letter: "The only realistic way to proceed is first to bring Quebec back into the fold...to negotiate a more extensive revision of the Constitution as a later stage of the federal government's efforts to reach an agreement with Quebec." Mulroney warned, "would be very serious for the future of Canada."

Point to note, the minister was a clear signal that Mulroney intended

to make a solution to the constitutional impasse a top priority in the second half of his government's term. The Conservative leader specifically launched his constitutional campaign on June 6. At a meeting in Quebec City between the Prime Minister and Premier Robert Bourassa, both men agreed to work toward breaking the deadlock. Since then, Mulroney has indicated his newly appointed minister for federal-provincial relations,

however, makes it clear that he wants those problems to wait. "Given past experience and the busy schedule of all our governments," he wrote, "we should avoid attempting to do everything at once."

Quebec's demands alone will be difficult to satisfy. The province's most important—and most controversial—constitutional demand is a veto over future amendments. At present, changes can only be made with the consent of seven provinces representing at least 58 per cent of Canada's population. Under a formula proposed at the 1971 Victoria Conference, constitutional changes would require the approval of two Atlantic provinces, two Western provinces, Quebec and Ontario. That would give Quebec a veto over amendments.

Mulroney has yet to propose his government's position on veto power for Quebec. But in his letter, he reiterated the priorities of a previous he made in the last election campaign to study possible changes to the amending formula. As well, Senator Murray has hinted that he favors at least a limited veto for Quebec. Said Murray, in a 1987 Senate speech that he still cites: "I believe that most Canadians acknowledge, as an essential fact of our national existence, that Quebec has had and does have a veto on changes which affect her own status and the powers of her legislature."

Apart from the veto, Quebec has four additional demands: recognition of the province's distinct character as a French-speaking society; more powers over immigration, limits on federal spending power, and a voice in the appointment of Supreme Court justices. Bourassa plans to brief the other premiers on these points at the Edmonton meeting next month. However, some premiers have already told Quebec's demands are excessive. Said Saskatchewan Premier Grant Devine, "I am opposed to one province having a veto."

Mulroney has said he would like to enter the next federal election campaign with Quebec's signature on the Constitution. That achievement might reinforce Conservative party efforts to increase its support in Quebec, which recent opinion polls have shown to be flagging. But by re-opening the constitutional debate, Mulroney also risks raising the ire of Quebec, if the Liberals' Minister Jean Charest, a member of the cabinet committee overseeing the constitutional negotiations, "That is a risk we're willing to take."

—PAUL EBBELL in Ottawa with correspondents in Paris



Crossroads school present: Thatcher and the Queen's Commonwealth Games boycott and royal displeasure

WORLD

Regal opposition

After months of maintaining her stony silence, the Iron Lady finally seemed ready to budge. Last Thursday British Prime Minister Margaret Thatcher told the House of Commons that if Foreign Secretary Sir Geoffrey Howe's meeting this week with South African President Piter Botha did not produce any tangible results on ending apartheid, her government was preparing a wide range of "contingency plans." But even that vague hint that Britain may be prepared to enact economic measures against the white-minority regime in South Africa was clearly a case of too little, too late for much of the rest of the Commonwealth. By world's end, more than a third of Commonwealth countries, angered by Thatcher's long-standing refusal to consider sanctions against Pretoria, had withdrawn from the Commonwealth Games, due to open Thursday in Edinburgh (page 41). And according to unofficial reports in London, the threat to the Com-

monwealth had provoked a rift between Queen Elizabeth II, the head of the 48-nation organization, and her British prime minister.

The reports of a disagreement between the Commonwealth's first ladies are the latest indication of frosty relations between Buckingham Palace and 10 Downing Street since Thatcher came to power in 1979. The member of the House of Lords said, "It is no secret that the two great ladies detest one an-

other." Now, British analysts and observers say that the most persistent conflict is generated by a fundamental dispute over the nature of the Commonwealth itself. Thatcher, in the words of one British commentator, shows an "ugly indifference to its future," while the Queen is strongly committed to the spirit of the organization she heads. British constitutional experts say that the Queen has the power to advise, warn and warn her government, but "to issue a decree." And according to one senior government official, the Queen has demonstrated during her reign of almost 35 years that she is prepared "to intervene forcefully."

The pressure for sanctions against South Africa has been growing since the rise to political power of Nelson Mandela—and mass political reforms—in that country during the past 2½ years. At the



Commonwealth summit conference in the Bahamas last October, 96 nations, including Britain, agreed to impose economic pressure on Pretoria through voluntary actions—assuring them a talk to new government loans and a ban on sales of gold Krugerrand coins. A summit-agreed Commonwealth report, released on June 11 that Postma was unwilling to negotiate with the black majority, and it called for stronger “concerted action.”

The following day Pretoria initiated a national state of emergency. Despite popular opposition, there have been reports of more violence and the arrest of as many as 4,000 people without charge. Some of the most forceful demands for sanctions have come from Zambia and Zimbabwe—African states controversially dependent on South Africa. Indeed, last week during Ottawa hearings into the feasibility of sanctions by the House of Commons human rights committee, Zimbabwe’s high commissioner to Canada, Stanislaus Chigwedere, said, “What is required now is the total abolition of apartheid. We call for comprehensive mandatory sanctions to be imposed.”

Adding to an array of largely symbolic actions, the Canadian government last month imposed an end to government purchases of South African products and a voluntary ban on non-African travel advertising. In Canada, Ottawa has indicated its willingness to introduce tougher measures, but officials say that effective pressure requires concerted action including British sanctions. In an effort to persuade Thatcher to change her stance, Prime Minister Brian Mulroney met with her on July 15 at Quebec’s Mirabel airport while the British prime minister was returning home from a visit to Expo 86. And after Thatcher refused to budge, saying only that consultation and not sanctions would bring about any changes in South Africa, Mulroney said, “It was 26 years ago that these same arguments were made by South Africans.”

Last week Howe conferred in Washington with President Ronald Reagan and Secretary of State George Shultz and agreed, in Howe’s words, “to consider whether further measures might be necessary.” But both governments are officially committed to finding ways short of full economic sanctions to bring South Africa’s blacks and whites to the negotiating table. But Thatcher said that in the event that Howe’s advice fails, Britain would adhere to an agreement reached by European Community leaders earlier that month. That accord would not concern new measures as a host of South African products worth about \$102 billion (U.S.) annually. Howe says that such steps will be no more than token gestures for a nation with an estimated \$12 billion worth of invest-

ments in South Africa and annual trade valued at about \$3.5 billion. And they add that Thatcher’s openness to strong economic retaliation against Pretoria has clearly left the impression of a prime minister insensitive to the subtleties of South Africa’s blacks.

As a result, by week’s end the list of governments pulling out of the Commonwealth games was growing rapidly. It included most African members and an array of Caribbean members, including the Bahamas and Jamaica. Zambia’s prime minister, Kenneth Kaunda, has gone even further, threatening to resign from the Commonwealth altogether if

the unemployment rate, currently 15 per cent of the labor force, is the overriding concern among British voters.

At the same time, some studies conclude that economic sanctions might not bring about the avowed objective of ending apartheid. A study commissioned by the Canadian International Development Agency (CIDA) and completed last February found that South Africa is “remarkably vulnerable to international economic pressure.” For one thing, says the study, a total ban on foreign investment alone would result in a loss of up to 100,000 jobs in one year—a third of



Howe (left) with Mulroney trying to negotiate change without sanctions.

Thatcher does not share her mind on sanctions by the time of a scheduled meeting on the issue among seven Commonwealth leaders, including Mulroney in London from Aug. 3 to 5 Canada and the other predominantly white former dominions, Australia and New Zealand, still planned to participate in the Games. But, declared Australian Foreign Minister William Haydon, “I can understand the reaction when the black people of South Africa are suffering racial misery and discrimination.”

For her part, Thatcher has called the idea of an economic boycott “craziness.” And she told the Commons last week that sanctions would only lead to “starvation of children and wide-scale unemployment in South Africa and in this country.” She says that sanctions would result in the loss of at least 120,000 trade-dependent British jobs. Pretoria’s figures have been disputed by the Fabian Society, the British social democratic study group, which claims that only 20,000 jobs would be threatened if Britain were to cut off trade with Postma. Still, the prime minister’s preoccupation with British employment is understandable given the political climate surrounding the issue.

But it is clear that sanctions would

have a particularly sharp effect on black states in southern Africa. Said one Western diplomat in Johannesburg: “The whole of the region could be devastated by a sanctions war. For the weaker black states sanctions could prove to be a catastrophe.” The reason is that most states in the region are economically at the mercy of Postma. A U.S. congressional study found that South Africa’s Electricity Supply Commission provides 100 per cent of Lesotho’s power needs, 70 per cent of Swaziland’s and about 50 per cent of Zimbabwe’s. In addition, Botswana, Lesotho and Swaziland are linked through

sanctions, said that Canada must be prepared for that eventuality. Said Scott: “We have as right to move with our indicators that we’re prepared to provide support.” The government has not yet responded. But last week the Commonwealth human rights committee voted to ask Parliament to initiate mandatory economic sanctions against Pretoria if progress is not made at the London Commonwealth summit next month and if South Africa does not move toward significant reforms by a Sept. 30 deadline. The committee also agreed that African states that suffer as a result of san-

ctions, have already forced the British administration into a re-evaluation of its South Africa policy. If so, Britain is expected to address the nation early this week on the South African question. In a gesture short of endorsing sanctions, he is expected to announce the nomination of Robert Brown, a black North Carolina businessman, as the first black U.S. ambassador to South Africa. In South Africa some white spokesmen have reacted with outrage to that proposal. But Japu Msimang, leader of the extreme right-wing Endebot National Party, “The government should refuse to receive him.”

Meanwhile, blacks in South Africa continued to challenge Pretoria. As a new semester in the country’s schools began last Monday, as many as 30 per cent of 1.7 million black students stayed home to protest new security measures announced the day before by President Peter W. Botha. The measures include the introduction of mandatory identity cards, which the government hopes will effectively bar black students from attending school yards. And although “Day of Action” called by the Congress of South African Trade Unions yielded a scatty response in some areas, in others such as Port Elizabeth fully 30 per cent of the black workforce stayed home to protest the detention of union members.

Anti-apartheid activists also see a major victory in store. After the Metal and Allied Workers’ Union appealed the legality of the June emergency laws, one of the three Supreme Court justices hearing the appeal said, “I cannot make head nor tail of the regulations.” The three justices then ruled en banc that the “obnoxious statements” in the sweeping and provided lawyers with easier access to detainees. But they ruled that overall the emergency decree was legal.

In the face of the political and economic pressures at home and abroad, the Botha government last week staged a review that dispelled both its military and its industrial self-sufficiency. In the presence of the prime minister and the press, Pretoria unveiled a new domestically built supersonic jet fighter christened the Cheetah. As the assault-carrying aircraft glinted behind him, Botha declared: “As we look back with determination against boycotts and those who agitate our country in every field of life, We are not a nation of jellifish.” In the face of worldwide condemnation, it was another concession intended that Pretoria intended to stand firm.

—PETER KOPFSTEIN with BOB LAVINE in London, PETER THOMAS in Cape Town, HILARY JACKMAN in Ottawa and DAVID ANDERSON and WILLIAM LOWTHORPE in Washington



Black gold miners, challenging Pretoria with strikes and school boycotts

a customs union in South Africa.

The southern African economies are also dependent on South Africa’s transportation routes to seaports. Rail and highway routes through Botswana, Zimbabwe, Zambia, Malawi and Mozambique are all tied to lines that lead to the South African ports of Durban, East London and Cape Town. About 45 percent of the coal, imports and exports of Malawi, Zimbabwe, Zambia and Tanzania are shipped through South African ports. And in the event of sanctions, Postma could close his borders in reprisal, leaving those states with no access to shipping routes.

Experts say that any sanctions will clearly have to be accompanied by increased aid to southern Africa’s black states. In Ottawa last week, Anglican Archbishop Edward Scott, a member of the special Commonwealth study group that in June recommended the use of

tuna should receive compensation.

The southern African initiatives will put further pressure on Thatcher at the August Commonwealth Conference. And at week’s end there were signs in Washington that Reagan is under growing pressure to modify his opposition to strong sanctions. In June the House of Representatives approved a bill that would give South Africa under a total trade embargo and force U.S. businesses to pull out of the country. And the Senate is considering three different proposals, each of which is similar to the House legislation. Declared Senator Edward Kennedy (D-Mass.), who along with Rep. Lowell Weicker (R-Conn.) introduced the tough legislation: “The policy of the administration is in disarray and in disarrayness.”

Any congressional action faces a possible presidential veto but the growing demands for harsher measures against



Sandinista soldiers patrolling Honduran border; CIA director William Casey (below) prepares for a larger war

NICARAGUA

Revolution under siege

It is known as the Heroic City. Three times in 1978 and 1979, the people of Esteli rose up against Nicaraguan dictator Anastasio Somoza Debayle, who responded with an intense aerial bombardment which devastated the city of 30,000. Last week a still-smoldering Esteli, 45 km north of Managua, was again the centre of attention as thousands of Nicaraguans gathered there to celebrate the seventh anniversary of the Sandinista revolution that overthrew Somoza. They came along a Pan-American Highway heavily guarded by government tanks and jeeps to prevent attacks by the anti-Sandinista guerrillas known as contras. And they came to demonstrate that despite Esteli-style defiance at a terrible cost, the aftermath of the US House of Representatives' vote last month to provide \$100 million in aid to the contras "They think we are afraid" — and Alejandro Flores Pineda, whose son has fought for the Sandinistas, "but not with \$100 or \$100 million will they destroy that revolution."

That spurious loyalty is a welcome sign to the country's Marxist leaders. But it is emblematic of their beleaguered revolution that they needed war

to security measures just to throw an anniversary party—and that revolutionaries were preoccupied with the prospect of a stepped-up contra challenge. An escalation in the fighting would increase pressure on a government already facing a chronicizing economy, chronic food shortages and a small but persistent dragnet of contras. Following the U.S. vote, edge Managua officials moved to silence dissent: they closed down the opposition newspaper, *La Prensa*, the next day. At the same time, the US agents who had the Sandinistas have been advised as many as 15 Soviet-made MiG-21 transport helicopters over the past two months, apparently in anticipation of a major rebel offensive.

When that assault might take place is still not certain. The US aid package will go before the Senate the week of Aug. 6, and most observers expect the Republican-controlled body to pass the

bill and send it on to President Ronald Reagan for signing. But a small number of liberal Democrats are threatening a filibuster which could delay approval until after the election that despite Reagan's impinged plan, contra aid is not a popular cause with the US public. And congressional investigations into charges of rebel profiteering, drug smuggling and gunrunning have damaged the contras' case. Still, if the aid bill passes as expected, the funding would begin as early as Sept. 1, providing \$50 million in military hardware and training to the contras, \$20 million in food, medicine and clothing and \$3 million to monitor the contras' human-rights record—which critics contend is dismal at best.

US officials say that the program will be overseen by the Central Intelligence Agency, although Congress barred the agency from control of the rebels after its naming of Nicaraguan

as the CIA will face a daunting task in rescuing the contras, who were organized by the agency in 1981 but are no match for the Soviet-backed Sandinista army of 60,000. Independent experts say that the contras number only 12,000 to 15,000, although contra leaders place the figure at 18,000 and predict that it will grow to 30,000 within a year of receiving the new US aid. Over the past three years the US army has built numerous airfields and roads in neighboring Honduras and maintains a standing force of 1,200 troops there. It is well prepared to provide added logistical support to the contra war which is designed, in Hennigan's words, to make the Sandinistas "dry up."

Within Nicaragua it is difficult to determine how much support each side has. Xavier Gómez, director of the independent Managua-based Nicaraguan Institute for Social Economic Research, estimates that 15 per cent of the nation's three million people strongly support the government, 15 per cent actively oppose it, and the remaining 70 per cent fall somewhere in between. Nicaraguans interviewed by *Newsweek*'s over the past few months expressed growing discontent with the Sandinistas but little inclination to embrace the contra alternative. "I love my country," said a Managua resident. "I fought in the revolution. But now I'm tired of the violence, of broken promises."

The contra's severe tactics often mean work in the government's land reforms, education or health-care programs—have alienated many Nicaraguans. Elsewhere this month, in the northeastern town of Boaco, 30 people—including 12 children—were killed when a truck being used as a civilian bus streaked away without notice, apparently planted by contras. "All these guys do is wreck houses," said Gino Basciano, a Swiss agronomist who has lived in Esteli since 1973. "But you don't win support by killing teachers and doctors." Two years ago contras kidnapped 19-year-old Luisito Zamora López near his family's northern farm. His mother, Juana, who still does not know whether he is alive or dead, wept as she held up his photograph. "I am not a Sandinista," she said. "I am not a contra. I am poor. The war has taken my son, and that has almost killed me. I just want the war to end so I can see him."

The Sandinistas also raised their share of heretics like Hernán Hernández, the nominally independent Nicaraguan Peace Commission on Human Rights, and the government's "capturing all people who are suspected of collaborating with the contras." He said there have been 800 such arrests since December, and that detainees often have to wait months for a trial. "In the majority of cases," said Hernández, "there isn't any proof beyond that provided by the security officer. They are often considered sus-

pects." The country has a 300-per-cent inflation rate and a scarcity of such staples as rice, eggs, beans and cooking oil. Government officials maintain that the chief source of the economic depression is the war against the contras. It has demanded manpower and money—the military gets more than 50 per cent of the national budget—but could otherwise go toward growing crops. But last February, Sandinista leader Daniel Ortega acknowledged that government mismanagement is also partly to blame for the economic crisis. Alfredo Montiel, a large coffee farmer in the southern province of Carazo, is particularly upset by what he sees as the government's often callous disregard of private farmers. "When they want our land they think of a war," said Montiel. "They say it is producing well and therefore the state needs it, or they say it is producing poorly so the state must appropriate it."

Complaints about government enforcement are widespread. Isabella Castro, a 37-year-old Managua cleaning lady, said that while the government gave her a place to live in a cooperative housing project, she cannot afford to feed her six children properly. As she spoke, her two-year-old daughter tried to suckle her dry breast. "She should be drinking bagged milk," Castro said bitterly. "But there is no money for that. Only government employees get the [nation's] tickets to buy milk at the supermarket."

But most Nicaraguans do not seem ready to revolt against their government. Rather, they celebrated the anniversary of their revolution with the knowledge that a longer war with the contras would only further the United States' designs. "We didn't never say 'what is ours,'" said Pepe Casco, a coffeehouse station wagon who fought for the Sandinistas in the revolution but later grew disaffected with them, is now behind the bar as a contra commander. His brother Francisco, meanwhile, has become an officer in the Sandinista army. "If I meet my brother in the mountains," said Pepe Casco, "I would defend myself and he would defend himself. That is what a soldier can do."

For Nicaraguan civilians, the problems are less dramatic but real nonetheless. The country has a 300-per-cent inflation rate and a scarcity of such staples as rice, eggs, beans and cooking oil. Government officials maintain that the chief source of the economic depression is the war against the contras. It has demanded manpower and money—the military gets more than 50 per cent of the national budget—but could otherwise go toward growing crops. But last February, Sandinista leader Daniel Ortega acknowledged that government mismanagement is also partly to blame for the economic crisis. Alfredo Montiel, a large coffee farmer in the southern province of Carazo, is particularly upset by what he sees as the government's often callous disregard of private farmers. "When they want our land they think of a war," said Montiel. "They say it is producing well and therefore the state needs it, or they say it is producing poorly so the state must appropriate it."



Ortega: changing development to defend a seven-year-old revolution

problems because they haven't joined a Sandinista organization."

In fact, many people, particularly middle-class Managuans, have avoided the country's military draft. Some have joined the contras, others have split from the Sandinistas, some political dissidents have left the country. All these guys do is wreck houses," said Gino Basciano, a Swiss agronomist who has lived in Esteli since 1973. "But you don't win support by killing teachers and doctors." Two years ago contras kidnapped 19-year-old Luisito Zamora López near his family's northern farm. His mother, Juana, who still does not know whether he is alive or dead, wept as she held up his photograph. "I am not a Sandinista," she said. "I am not a contra. I am poor. The war has taken my son, and that has almost killed me. I just want the war to end so I can see him."

The Sandinistas also raised their share of heretics like Hernán Hernández, the nominally independent Nicaraguan Peace Commission on Human Rights, and the government's "capturing all people who are suspected of collaborating with the contras." He said there have been 800 such arrests since December, and that detainees often have to wait months for a trial. "In the majority of cases," said Hernández, "there isn't any proof beyond that provided by the security officer. They are often considered sus-



CIA director William Casey (below) prepares for a larger war

The contest for the courts



Merritt Manion: Bush's (left) "unswerving" to the practice of lawyering

THE one-minute television commercials focused on the relationship of States of Liberty, which gradually dissolved in an image of another female statue—the blind goddess of justice looking shrunken and slumped to one side. Over those competing pictures an unseen spectator remarked, "How tragic that just as America hours ago lay in New York's harbor, we would share the other on the floor of the United States Senate."

That comment is part of an exhilarating blitz announced last week by Hollywood TV producer Norman Lear's still Liberties lobby. People for the American Way (paw) It was the latest salvo in a major political battle that could influence U.S. Justice for years to come. At issue is President Ronald Reagan's controversial appointment of Daniel Manion, 44, as an ultraconservative lawyer from South Bend, Ind., to Chicago's Court of Appeals.

Last month in a stunner vote, liberal senators led by Robert Byrd (D-W.Va.) tried to block Manion's confirmation. But after the White House persuaded two senators into agreeing the nomination in return for an endorsement of their own candidates for judgeships, Manion was tentatively confirmed by a narrow vote of 45 to 46. A

condition attached to the approval called for a new vote to come to another vote this week. Last week as Republicans and Democrats negotiated the procedures for the replay, the nomination underlined Reagan's far-reaching influence in institutions holding a conservative revolution through the nation's federal courts. It also raised larger issues about the integrity of federal judicial appointments. In a sharply worded editorial on June 27, the Washington Post called the appointment system "wrong and shabby."

And Fox spokesman John Bohannon criticized the administration's use of change post-bulletin papers. Such changes

judges can't park. The Senate over the people's judiciary of forums."

Following Reagan's two recent Supreme Court appointments—Antonin Scalia to the court and Wallace Rehnquist to the post of chief justice—Manion's nomination emphasized the extent to which the President has already remade the most lasting legacy of his presidency.

—MARC MCDONALD in Washington

end result, he will have appointed more than half of the nation's 743 federal judges. Most of the 269 already named were chosen on the basis of their conservative voting records on such issues as abortion and school prayer.

Last month the Senate displayed its determination not to become the President's rubber stamp by rejecting his nomination of Defense Beauford Stetson III to Alabama's federal Court of Appeals. The reason: Sessions' unusually restrictive nominees, which included calling the National Association for the Advancement of Colored People "Niggers."

Manion himself, during his tenure as the Indiana state attorney in the early 1960s, was involved in civil rights actions. He supported desegregation test-bills and allowing the posting of the Ten Commandments in public schools only months after the Supreme Court had declared such postings unconstitutional. The son of one of the founders of the ultraright John Birch Society, Manion wrote a letter in 1979 calling it being "on the front line of the fight for constitutional freedom."

Attorney General Edwin Meese has sharply criticized the Senate's attempts to block Reagan's judicial nominations. But critics point out that Manion's strongest qualification for the federal bench appears to be his record of adhering to the administration's ideologically polarized Party-Four law school dean from across the United States have signed a letter protesting his lack of credentials. They noted that he has never handled a constitutional dispute, argued a case before a federal appeals court or published a legal paper. And the five briefs he submitted to the Senate as he last were riddled with basic spelling and grammatical errors.

But recently those objections have been overshadowed by the tactics used to obtain his initial confirmation in the Senate. For one thing, the White House made a deal with two senators to withdraw their objections to the nomination. And the other senators opposed to Manion's confirmation withdrew their votes after Republican

can leaders deliberately mislead them by claiming that two allegedly pro-Manion senators were absent. Clearly, the debate over Manion has underlined the fact that as gutting his conservative stamp on the courts, Reagan may already have established the most lasting legacy of his presidency.

—MARK MCDONALD in Washington

GLOBAL NOTES

BRITAIN

Erasing old claims



Geoffrey Howe: a surprise agreement last week between Britain and the Soviet Union to waive mutual claims arising from the 1967 conflict as a breakthrough in East-West relations. During a three-day state visit to London by Soviet Foreign Minister Eduard Shevardnadze, Britain agreed to a demand for \$2.6 billion (U.S.) compensation for the British government's repudiation of overseas debts and its seizure of British assets. In return, Moscow canceled its British claim for damages caused by British troops who intervened in the ongoing 1918-19 civil war. As well, the agreement also gave permission as U.S. President Ronald Reagan to make arms control concessions prior to a second U.S.-Soviet summit. Said Shevardnadze: "We understand that Britain and the United States are close allies, and that allies have a way of having an impact on each other's position."

EUROPE

A terror campaign

A wave of bombings in Portugal last week, following similar attacks in France and Germany, reinforced signs of a resurgence among domestic terrorist groups across Western Europe. At the same time, the Basque separatist group ETA set off a bomb in Madrid that left nine paramilitary civil guards dead and 36 people injured. This year alone 36 people have been killed by ETA guerrillas who since 1980 have been waging a bloody campaign for independence in northern Spain. In Portugal four explosions in the northeastern cities of Braga and Evora—believed to be retaliation for government plans to elicit agrarian reform legislation—damaged buildings and cars. Both the Armed Revolutionary Organization (ORA) and the Popular Forces of April 25 (FPA) groups which espouse what they call government-borrowed socialism of socialist ideals, claimed responsibility for the attacks. Meanwhile, in Italy the interior ministry ordered increased security measures, citing evidence that Italian Red Brigades guerrillas may have formed an alliance with other European terrorist groups.

LEBANON

Warnings of war

A fury of fighting in the Middle East has heightened the danger of a new Arab-Israeli war. For the second time in five days, Israeli aircraft last week pounded pro-Syrian Palestinian guerrilla bases in Lebanon in retaliation for border attacks. As many as four people were killed when Israeli jets struck guerrilla强点 (10 km east of Beirut). On July 16—and hours after two Israeli soldiers died after a suicide bombing on northern Israel by a squad of Palestinians—Israeli helicopter gunships attacked pro-Syrian guerrilla bases at a refugee camp near the southern Lebanese port of Sidon. "I think Syria is preparing for a war,"

said Israeli Prime Minister Shimon Peres after the attempted guerrilla landing. Increased activity by Syrian-backed guerrillas in Lebanon has heightened Israeli concerns about an attack from across its northern border. That could lead either to another major Israeli military incursion into Lebanon or even war with Syria. "To our great sorrow," said Israeli Defense Minister Yitzhak Rabin, "the terror problem we are facing are not less than what they were before the start of the war in Lebanon."

CHINA

Reporter's story

An apparently unauthorized reporting tour through central China by a western journalist has resulted in his detention and several days of confinement. At around 4:15, the Police Bureau chief of The New York Times was stopped at a Beijing airport last week as he and his family prepared to board a plane for a vacation abroad. According to a Times statement, the Chinese said that Shultz was being held on suspicion of "entering an area forbidden to foreigners, giving intelligence information, and espionage." Shultz's wife, Jane Scott-Long, and their Chinese authorities questioned her husband about a 1,000-km motorcycle trip he had taken earlier this month through the central provinces of Shaanxi and Shaanxi. He retraced the route taken by U.S. jazz artist Edger Rhee in 1956 in search of Communist guerrilla leaders of their Yenan hideout. Born a British-born reporter who also worked in Canada, was China correspondent for Toronto's *Globe and Mail* from 1971 to 1976. A total of 244 Chinese cities, towns and scenic spots have opened to foreigners in recent years, but most of the countrywide remains closed to visitors without special travel permits.

Vietnam

Choosing a new chief



On the eve of a state funeral in Hanoi for Vietnamese Communist Party general secretary Le Duan, 78, who died on July 20 after almost 17 years in power, the party's central committee last week named his successor. He is President Truong Chinh, also 78, a hard-line northerner once considered the heir apparent to Ho Chi Minh, who led the North Vietnamese during its successful War against Japan. Following his death, as well as in 1969 when his son, also 78, died,

Truong Chinh, an unassuming man (real name is Duong Xuan Khi) that means Long March, was originally appointed general secretary in 1961. But he was dismissed in 1966 when his ruthless land reform program—effectively a campaign of terror against private owners—resulted in tens of thousands of deaths and almost led to a mass peasant revolt. But four years later Chinh returned to the Politburo, and he rose to the presidency in 1981. Like his predecessor, Le Duan, Chinh took part in the decision to end North Vietnam's sweep to the south to topple the U.S.-backed government in Saigon and reunite the country. Truong's reign as general secretary may be a short one. In December a party congress will begin a long-awaited transition to younger—and reform-minded—leaders.

Big money at the movies

He is Canada's leading man of film, but he has never appeared as the silver screen's latest heartthrob. Garth Drabinsky, 37, former entertainment lawyer and film producer, is determinedly and profitably restructuring the movie theatre business in North America. His name is not a household word among the people he refers to as "my public," but the hard-driving Drabinsky, chairman, president and chief executive officer of Cineplex Odeon Corp. of Toronto, has done more to put the flesh and fantasy back into a visit to the movies than anyone since the end of the glory days of Hollywood. Every week two million flinggoers file into Cineplex Odeon movie theatres located in six Canadian provinces and 36 American states. His theatres feature art-filled lobbies, salfts and popcorn dressed in and butter. They provide, declared Drabinsky, "a theatrical environment for movie audiences that has not been created since the advent of television." Cineplex Odeon's successful razzmatazz in the international entertainment industry is cause for a Canadian company to just about join it had grown from one 18-screen theatre complex in Toronto's downtown Eaton Centre to 1119 screens—296 in Canada and with more than half of its screens in the United States. That puts it neck and neck with General Cinema Corp., which has as many screens but not as many locations. Much of Cineplex Odeon's growth is a result of Drabinsky's purchase last November of the American Pitt Theatres Circuit, a chain of 689 movie houses located across the United States. Then, in May Drabinsky sold 50 per cent of his enlarged firm to a Los Angeles conglomerate, Metc Inc., which controls Universal Studios. Drabinsky remains the driving force behind the company, and the sale has provided the Toronto entrepreneur with access to the huge Hollywood entertainment industry.

Already, Cineplex Odeon owns a number of entertainment companies. Among them are Pan-Canadian Film Distributors, the largest distributor of commercial and specialty films in Canada, and Thrasher International Studios, Canada's largest film production facility. Early this month Drabinsky purchased Canada's largest motion picture laboratory, Film House Group Inc. of Toronto, for \$15 million, and he is ear-



Cineplex theatre in Toronto: a return to the giddy days of Hollywood

recently planning more expansion. In the next five years Cineplex Odeon will grow to least 3,000 screens, he told *Winnipeg's*, "excluding any acquisitions, which are a virtual certainty."

When Drabinsky entered the movie

business in 1975, most theatres had only one or two screens. But he began clustering as many as 15 small-screens, theater-in-the-round theatres into a single complex and offering moviegoers a wide variety of films under one roof. In

its first two years Cineplex expanded rapidly, opening 111 screens across Canada. Then, three years ago Drabinsky began renovating classic movie houses, adding contemporary flourishes, adding contemporary flourishes. As a result, when Cineplex opened new complexes this week in Clarendon, Ga., and next week in Waco, Tex., and Thousand Oaks, Calif., they will resemble the movie palaces of the 1920s and 1930s. Movie patrons are greeted by arched artwork, marble floors and plush seating, arranged by a full-time staff of 60 architectural engineers and draftsmen. Cineplex's theatre openings are usually splashy affairs, by-invitation-only parties for dignitaries, celebrities and the media. A recent opening of a refurbished theatre at Kiera Mills, just west of Toronto, attracted the Toronto Star's art critic, who vowed to review the look of the theatre. Drabinsky declined at the time, "We are determined to give back to our patrons the rank and excitement and anticipation and curiosity that should be theirs when they leave the Indo-European world of their daily lives for the fantasy world of enterprise that is the movies."

Associates say that Drabinsky enjoys the attention that he is attracting, especially in the business community, where his star is clearly on the rise. Last year Cineplex Odeon reported a record after-tax profit of \$43 million on revenues of \$171 million, which ranks it among the fastest-growing companies in Canada. This year first-quarter profits have more than doubled, and Drabinsky says that he is "comfortable" with his outside estimate that 1986 profits will reach \$22 million.

Cineplex Odeon shares traded on the Toronto Stock Exchange last week at \$30, up from \$27.50 a year ago. At that price, Drabinsky's 55.6-per-cent stake—in stockholding has steadily diminished as the company has grown and taken on more shareholders—is worth more than \$30 million. Said Ronald Jones, a stock market analyst and vice-president of Merrill Lynch Canada Ltd., "I am convinced this company is really going to be going places." And a June report prepared by securities firm Prudential-Bache Securities, another brokerage firm, states, "Cineplex has brought moviegoing back to life in Canada and the United States." Drabinsky himself declared that Cineplex "is demonstrating what has been lacking immensely in the movie theatre exhibition industry for the past 20 years." He added, "We will surpass our competitors in raising their standards which will result in a complete overhaul of an industry that was allowed to deteriorate."

Drabinsky's original vision did not translate into instant success. For one thing, his fifty theatres and brash

style tended to create enmity in the movie industry. As well, when his Cineplex Corp., as the company was then known, began expanding across Canada in 1980, it encountered a major obstacle. The two then-dominant exhibitors—Paramount Players Ltd. and Canadian Odeon Theatres Ltd.—had agreements with major Hollywood studios that an effect prevented rival from successfully bidding for newly released films. As a result, Drabinsky's company was not able to get the first run Hollywood product that it needed to compete with other theatre chains. That problem, combined with the developing recession, almost forced Cineplex into bankruptcy. In 1983 it lost \$15.5 million.

Recently Quebec's third-largest cinema chain filed a complaint against Cineplex Odeon before the same Restrictive Trade Practices Commission that Drabinsky himself and The Quebecor Inc., Franco Finc, charged that Cineplex Odeon and another theatre chain, United Cinemas, were preventing it from bidding successfully for films to be shown in the province. It also claimed that it was unable to obtain hit movies, although its two rivals were offering them for these films.

Meanwhile, Drabinsky is immediately concentrating on the U.S. market, where he is reflecting in his purchase in November, 1985, of the Pitt Theatres Circuit, with 278 screens, ranked fourth in size in the United States. Then, in March, 1986, he bought the Seagram Theatre Circuit of Atlanta, and in May The Seamus circuit of Chicago. That same month Metc completed its purchase of half of Cineplex Odeon for \$42.5 million. That deal allowed Drabinsky to acquire the remainder of Pitt. Now Cineplex has theatres in every major movie market in North America except New York—and as an announcement about entering that market is expected soon. As well, Cineplex plans to open the world's largest cinema complex and box—a 5,000-seat giant at Universal City in Los Angeles. Drabinsky says that Cineplex is contemplating expanding into a line of clothing, records and posters in the United States.

Drabinsky himself has a ready explanation for his firm's success so far. "We were able to utilize the competitive environment we created because we were very, very clever," he says. "Period." He also predicts that revenues from Cineplex Odeon will approach \$1 billion annually within five years. For Drabinsky, the rise from upstart newcomer to movie-house mogul is a success he savors. "It is just a wonderful part to be in when you go to sleep at night."

DAVID TOOLE is Toronto



Drabinsky: coming to the moviegoers

million on revenues of \$30.3 million.

But Drabinsky persuaded the federal Restrictive Trade Practices Commission to investigate what he claimed was a noncompetitive distribution system. As a result, in June, 1983, the day before public hearings were scheduled to begin, major Canadian film distributors voluntarily signed an agreement to institute open bidding on a theatre-by-theatre basis, allowing all exhibitors

The shock of scandal

A man on the floor of Canada's largest commodity exchange is a swift and frantic as the market brokers shout out their bids and prices. In the two main trading pits of the Winnipeg Commodity Exchange, grain companies, farmers, speculators and traders buy and sell grain and oilseed crops daily in rapid-fire transactions worth just under \$10 billion a year. The 36-year-old WCE, housed in a 10-story building dominating Winnipeg's famous Portage-and-Main intersection, is the financial heart of the vital Canadian grain trade. Behind the scenes of the intense trading, a remarkable controversy has developed on one fundamental principle: that a trader is as good as his word. Said Clifford Swartz, the chairman of the exchange's board of governors: "The industry must accept joint contracts and commitments without question." But during the past two months, allegations of illegal trading and falsification of records have been raised in two startling investigations.

Parts of the drama unfolded last May when two companies associated with the WCE declared bankruptcy. Then, as investigation by the exchange, a self-governing body, revealed that in their final

days the companies had been falsifying financial statements. Now, RCMP officers, after a separate year-long investigation, are examining evidence to determine whether charges will be laid against a former employee of a third company.

Early this month, six documents seized. They listed fines totalling \$375,000 against the officers of the two bankrupt brokerage firms: Can Am Commodity Corp. and Davel Grain Co. Ltd. As well, they specified that the exchange's former presidents, Brian Senter and Norman Davel respectively, for supplying false financial information to the exchange. But many people who rely on the WCE say that they are still concerned about its ability to police itself.

Later this month, the exchange's board of governors is scheduled to hear a complaint brought by XCan Grain Ltd. against one of the traders now under investigation by the RCMP. Declared

Maurice Garneau, chief executive officer of Manitoba Pool Elevators and a board director of XCan Grain: "Members of the public that deal with the exchange need to feel that matters are being conducted in a business-like, ethical manner. The events of recent times don't give them that assurance."

The WCE infractions came to light during intense trading after the Chernobyl nuclear disaster in the Ukraine on April 26. Faced by rumors of extensive damage to agricultural land in the Soviet Union and other parts of Europe, prices moved up during the next day. Intense buying followed on April 26 and 27. As a result, Can Am was forced to make large deposits with the WCE's clearing house on both days in order to secure its orders. But on the evening of April 30, Setters informed exchange officials that his company would not open for the following day because he did not have enough cash to cover trading in what he expected would be another volatile day. Exchange officials immediately launched an investigation and

suspended from trading both Can Am and an associated company, Davel Grain. On May 9, both firms declared bankruptcy—leaving debts of \$800,000 to 90 unsecured creditors.

Since then, the wce had uncovered a variety of financial irregularities in the books of the two companies. A Can Am balance sheet filed at the end of 1985 showed a \$300,000 debt to a customer. In another case, an account of Davel Grain deposited and withdrew \$80,000 within a span of three days, providing a misleading picture of the company's financial status. The exchange levied a \$100,000 fine against Setters, \$250,000 against Davel, who was both the president of Can Am and the president of Davel Grain, and \$50,000 against Davel's son Randy, the secretary-treasurer of both companies.

They were the largest fines in the history of the exchange. But the WCE's image has also been tarnished by the prolonged RCMP investigation based on documents and files seized from a dozen companies operating at the exchange. Police say that it is too early to say whether charges will be laid. Still, information contained in their search warrants paints a grisly picture of some grain company employees and private traders who may have been financing their personal ventures on the market with customers' money.



WCE traders. A furnished image.

of the country's largest grain exporting companies and jointly owned by the three prairie wheat pools. The search warrants allege that between 1980 and 1985 Gustavo Dusakian, a senior XCan trader, who was fired in November 1985, received nearly \$400,000 in revenue from inside information. XCan's trading information allowed a company owned by Dusakian and his brother-in-law, Wayne Gerald Cawle, to enter what grain industry expert Walter Pollett described as "extremely lucious" in the futures market.

Another search warrant detailed a series of questionable trades made on the market in the early 1980s. Investigators allege that, in one case, abnormal trading activity over an undetermined period of time resulted in the defrauding of United Gear Growers Ltd., a major Winnipeg company, of almost \$180,000.

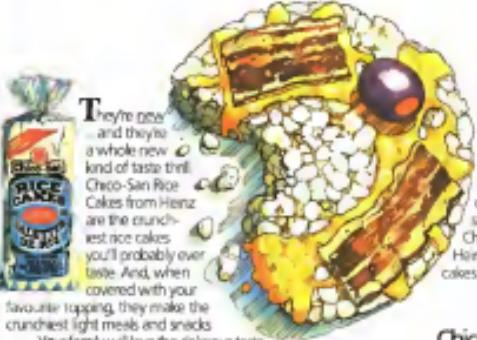
The WCE's Swartz says that he is worried that publicity surrounding the police inquiry is hurting the image of the exchange, even though none of its officers or employees has been implicated. Still, Gerald Moore, general manager of United Gear Growers, declared that if there was illegal trading on the WCE for five years, "It will reflect quite badly on the administration of the exchange."

—DEBORA SMITH in Winnipeg

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Boarding a People Express flight: intense competition and bankruptcies

Shakeups in the skies

It was heralded as the most successful example of airline deregulation in the United States. Founded just three years after President Jimmy Carter implemented what he called an "open skies" policy in 1978 and removed regulations governing tariffs and routes for commercial airlines, People Express Airlines Inc. has become that country's 4th-largest air carrier. Operating out of a ramshackle, little-used airport in Newark, N.J., People Express, led by Donald Burr, the company's 45-year-old founder and president, revolutionized air travel by offering dramatically reduced air fares and no frills. But now the company is facing major problems. Battered with a first-quarter loss of \$58 million, most of it incurred during a period of rapid expansion, the company was forced to sell a newly acquired subsidiary to a competitor two weeks ago. And with predictions of a further shake-down and increasing concentrations of ownership of U.S. airlines, Canadian and European legislators are now considering American experience as they begin to look at rules governing their own airways.

For many American airways, confronted with one of the worst financial crises in the history of the industry, survival has become their biggest challenge. After eight years of deregulation, the industry is still in transition. Open skies have created intense competition. Marketing and flight scheduling

began that time the number of passengers carried by U.S. regional airlines more than doubled, from 11.8 million to 26.1 million. Now industry observers say that when the current shake-down is over, only eight or nine major U.S. carriers will remain from a total of 22, with about 30 smaller feeder operations. Said Louis Kirkland, president of the AFL-CIO, the main U.S. labor federation: "The ultimate end of it probably will be the creation of a couple of giants with control of the market."

At the same time, the European Community has taken major steps toward breaking up the monopsony of price-fixing cartels, which make European fares from 20 to 80 per cent higher than in Canada and the United States. Deregulation efforts in Europe, which began in 1979, have been slow, primarily because the EC's air transport branch cannot expand binding legislation. As a result, officials with some carriers have claimed that EC antitrust rules do not apply to their industry. And government leaders in countries that support deregulation, such as Britain and Belgium, say that they are concerned that these rules could tie the issue up in courts for years.

In Canada deregulation has been slow as the federal government prepares to announce shortly that it will abolish rigid distinctions among national, regional and commuter carriers. In the meantime, the country's two largest airlines—Air Canada and Canadian Pacific Air Lines Ltd.—have suffered some of the deepest declines ever in the past year during their so-called low rates.

Deregulation in Canada and Europe is not likely to be as dramatic as the free-for-all-of-the-sky approach imposed by the United States. And Stanley Clinton Davis, its transport minister in Britain, "far from wanting to break the entire mechanism as the Americans did, the excesses need to be handled better to bring cheaper fares and better service."

In the United States, consumers have benefited most from airline deregulation. But as the industry shake-down continues, some experts express concern that discount prices may disappear. And if only a few companies eventually control a country's airlines, it would create the very situation that deregulation's proponents expected to eliminate.

—THEERA TENEKED with IAN ALSTON in Washington and PETER LEWIS in Brussels

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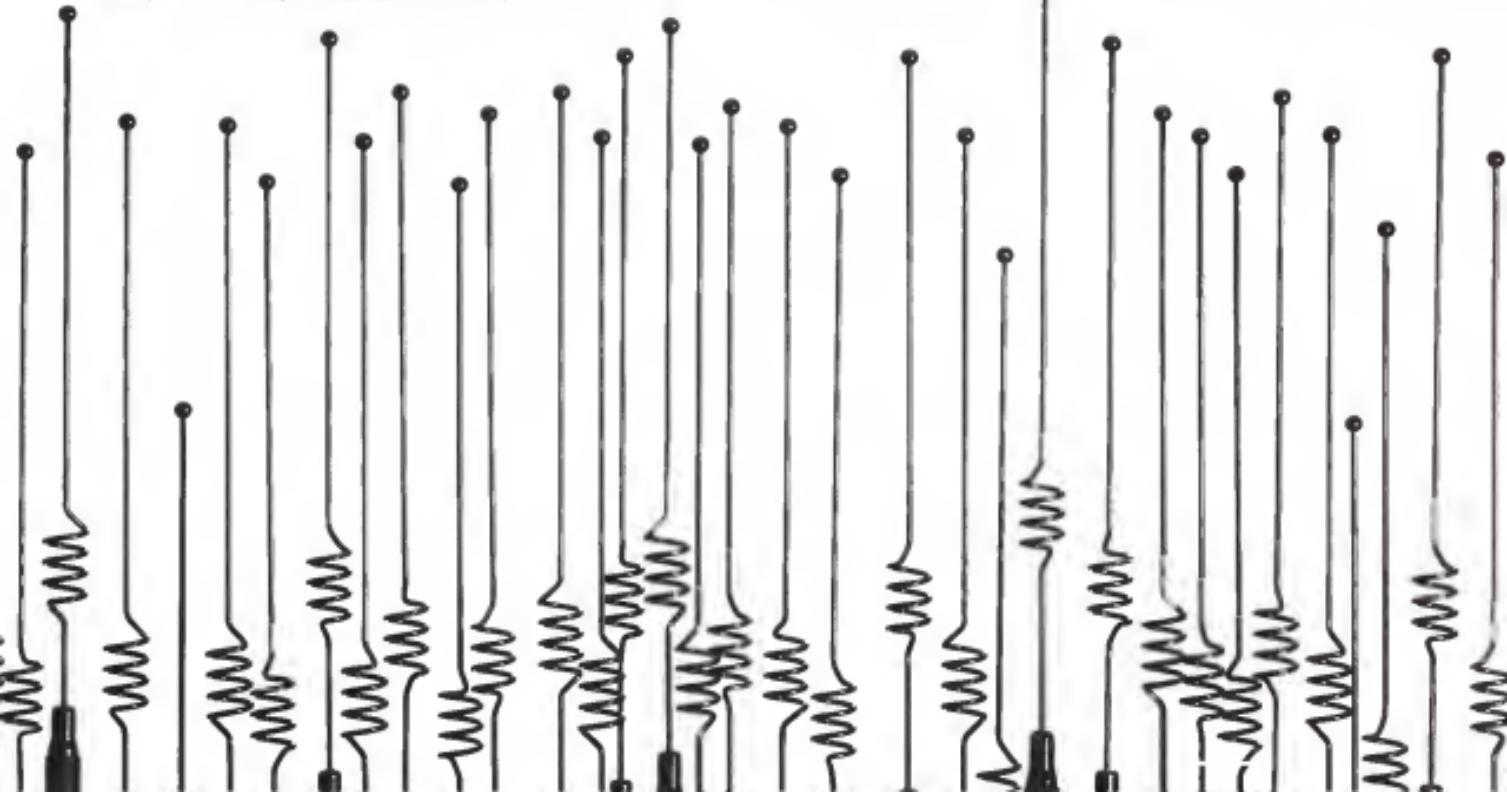
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Please print clearly. To place an order, fill in the above information. Please send me _____ Superjacket II. If the jacket and accessories do not fit, I may return them within 15 days for a full refund. I am not completely satisfied I may return my jacket within 15 days for a full refund.

Yes No Don't Know

Light Blue Medium Blue

Charcoal Grey

Dark Blue Deep Blue

The CN Commitment:



“To achieve our objective, marketing's role at CN must reflect a new style of responsiveness—one fueled by flexibility and innovation to meet the customer's needs.”

Bud Olson
Senior Vice President, Marketing

To be the best distribution company in North America.

At CN, what was good enough yesterday isn't any longer. Not for us, as a changing, progressive railway network. And certainly not for you, our customer.

For you to remain competitive in today's marketplace, your goods must be delivered more reliably, consistently and efficiently than ever before.

The new CN is responding to the challenge.

Responding with a commitment to become the most dependable, flexible and cost-effective distribution company on the continent.

We see ourselves as an extension of your business, making sure that your product is delivered where it's needed.

When it's needed. At the right price.

We're doing this with distribution systems that are tailored exactly to your needs—by specialists who are sensitive to the demands and pressures of your markets.

Our unit train concept developed out of need. Like "conveyor belts on wheels", CN's unit trains efficiently cycle bulk commodities between mines and delivery points—always on-the-go year-round to help keep mine output profitable.

As a leader in intermodal service, we're introducing technologically-advanced hub centres across Canada, for improved flexibility and delivery performance.

With sophisticated, electronic tracking

systems, we can tell you where your shipment is at any time. In fact, to no time.

These and many more innovations, are part of the new CN goal of giving you every reason, every time, to choose us.

CN is committed to becoming the best total distribution company in North America. And we're ready to demonstrate it.



*Responding to
the Challenge*

Last week four young women won the Canadian finals of the New York Elite Model Agency's annual Look of the Year search, which qualifies them to compete in the world finals to be held in Italy this fall. Each of them said that she thought the look currently sought by modeling agencies has changed. Said 16-year-old Christine Sawicki of Etobicoke, Ont.: "It used to be that models were tall and thin with outrageous features. Now if you look nice and have a nice figure, that's enough." Sheryl Gib, 18, of Stoney Creek, Ont., added: "Some of it is physical, like full lips. It's kind of an ethnic look." Vancouver's Diane Whittaker, 27, said that agencies now "want older girls, maybe between 40 and 60." Natalie Green, 20, who can still be beautiful at 40, told *EW*: "You're supposed to? And California's Kimberly Koch, 16, declared that an "old model your career ends only" when you start getting wrinkles.

When the need strikes him, Malcolm Forbes, the New York-based multi-millionaire publisher of the business magazine *Forbes*, takes his Harley-Davidson motorcycle and tours a foreign country. Over the past seven years, Forbes says, he has "done" the Soviet Union, China, Afghanistan, Egypt and Thailand, usually working in some hot-air ballooning along the way. Recently, 69-year-old Forbes and his entourage paid a six-day visit to British Columbia, on his bike, and this week they depart for a tour of Japan. Said Forbes: "I had a deprived childhood and now I'm having a deprived adulthood. There are a hell of a lot of places as yet undone that we'll find an excuse to ride."

In 1960 an elegant new theater, the O'Keeffe Centre, opened in Toronto with a charming new musical, *Candide*, and it launched Toronto baritone Robert Goulet as an international star. Since then he has appeared on Broadway, in movies and TV and sang for royalty and presidents. But apparently success has not spoiled 58-year-old Goulet. Last week he said that he is excited at the prospect of returning to the O'Keeffe after 20 years, where he will play the lead in the musical *Snow People*, opening July 29. Declared Goulet: "Oh, jeezers! To play on that stage again! I'm going to have goose bumps!"

Critics usually have nothing to say about her, says Toronto light-opera star Cecilia Bartoli, 32. First that he steals the show and, second, that he

reminds them of Joel Grey, star of the movie blockbuster *Cabaret*. Isaac, who will play Alexander in the New York City Opera Company's production of *New Moon*, attributes the first comment to the type of roles he gets. As a countertenor who can cover the soprano-contralto range and as a skilled dancer, he is usually cast in popular comic roles. He added that opera audiences accustomed to "soft singing," appreciate "screaming, snarling, my aria while kicking my legs over my head." As for his resemblance to Grey, Isaac says

it to his long-running investigation of people involved with so-called gay/bisexual phenomena. Last week Isaac received a \$75,000 fellowship from the MacArthur Foundation, a Chicago-based philanthropic, to continue his investigations. His targets, he says, are people who use illusion to entice and deceive, such as some TV evangelists and those who claim to cure the sick using psychic surgery. Isaac says that as many as 20 different techniques can be used to create the illusion of a bad performance, body and manipulating internal or-



Garsenfeld (above); Kennedy and Schlesinger, beautiful at 40 but 'strange fireworks' at 41

that when they first met a few years ago, "Greg comes up to me and said, 'You look like me. What do you do?'"

Authentic and elegant James Bond, 61, returns audiences with wire-reading acts and walking objects in space. "It's all done by sleight of hand or simple trickery," he says, and added that his expertise leads credibil-

ity—but not one will benefit patently. "They are just as sick afterward," he said. "They are even sicker because their wallets are empty."

In March actress and intellectual George Plimpton told *People* magazine that he thought Carolyn Kennedy's fiance, writer and intellectual Edwin Schlesinger, was "terribly bright—a towering figure, very highbrow." But that was a week ago. Plimpton told *The New York Times* this weekend he had seen a recent profile of Schlesinger, and still doesn't know what he does. Plimpton designed a fireworks display for the reception at Ryant's Pore, Mass., which followed the July 19 wedding of Kennedy, 38, and Schlesinger, 41. He added that the display would be "a series of strange fireworks, a whole barrage" and that it would be exciting. What Ed Schlesinger does,



version of the marriage vow, in which the bride promises to love, honor and obey her husband. Diana used the version drawn up in 1958 that replaces the word "obey" with "keep."

The British Broadcasting Corp. said that it expects about 300 million viewers in at least 32 countries to follow the proceedings on television. The seven hours of live coverage will begin with the ceremonial carriage procession from Buckingham Palace and the Queen Mother's residence, Clarence House. It will end with the couple's departure by open-topped landau for a honeymoon in the Azores, a chain of Portuguese islands 1,180 km west of Lisbon.

The bride-to-be was reported to be well-adjusted, effectively with the bride-to-be made on her own. Her natural cheerfulness and lack of pretension have already endeared her to the media, despite frequent references to her Instagram style and ample figure—particularly her ample 48-inch hips. But earlier this month she returned from a week-long break in Argentina looking tanned and addled and seemed to have slipped away as other guests began to recognize them. It is illegal in Britain to dress as police officers, but the Daily Telegraph reported that a Scotland Yard spokesman and police would not prosecute.

In a burst of alienation, the Daily Express paper once described Ferguson as "flame-haired, bairns, freckled and ferocious." The paper added that he had had enough of "airy princesses who can't sleep a day past under covers of feather mattresses." Decidedly Ferguson, as "flame-haired, bairns, freckled and ferocious." The paper added that he had had enough of "airy princesses who can't sleep a day past under covers of feather mattresses." Decidedly Ferguson, as "flame-haired, bairns, freckled and ferocious."

Ferguson is more the down-to-earth type who would break up at 4 a.m. and not out the pea."



Andrew and Sarah: strong enough to keep him in order

Gay Gov. Jeanne Shaheen and Nancy Reagan are going. One of the bridegroom's former girlfriends, Canadian actress-model *Suzie Jones*, has been invited, but another, exotic film starlet *Koo Stark*, has not. The bride's stepfather, Argentine polo player *Hector Sanguineti*, is invited to the ceremony, but he will not be in the procession. The details are part of the elaborate preparations for the marriage this week of Britain's Prince Andrew and Sarah Ferguson, both 26.

The July 23 ceremony, before 1,700 guests at London's Westminster Abbey, as a modest affair compared to the spectacle the 1986 wedding of Prince Charles, Andrew's older brother and king-in-waiting, and *Lady Diana Spencer*, to which 8,000 guests were invited. But observers of royalty will see pomp, pageantry and costumes—traditional surrounding the former royal wedding which includes a trip back to the 19th century. Ferguson chose the 1862



Sarah: "Yearless and ferocious"

—Edited by MALES MAYER

THE STARS OF SUMMER

COVER

George was a powerful currency in the realm of rumour and of politics. George—nicknamed by Deep Throat—helped a pair of Washington reporters, Carl Bernstein and Bob Woodward, to unearth the Watergate scandal which toppled U.S. President Richard Nixon in 1974. In the 1976 film of their book, *All the President's Men*, Hollywood portrayed the two journalists as defenders of public morality. But more recently, George has made Bernstein's personal morality a target, the man who became famous exposing the betrayal of U.S. democracy in new estimates for betraying his wife, journalist Nora Ephron. In 2003 Ephron published *Heartbreak*, a thinly veiled account of her marriage to Bernstein, which includes such lines as, "the man is capable of anything, even having a woman laid." This week the film, starring Meryl Streep and Jack Palance, opens across North America. What is remarkable is that it is based on a screenplay written by Ephron and adapted by Bernstein. Rarely have the subjects of gossip participated so fully to turn a domestic strife into Hollywood legend.

Hollywood *Heathen* typifies an era in which movies, books and the other media are transforming private lives into public properties at an astounding rate. The heady political exuberance of the Watergate era has given way to a hunger for celebrity gossip, from the assembly line of stars who parade through *People Weekly* and *Entertainment Weekly* magazines to the tabloid telecasts of *Lifestyles of the Rich and Famous*. Aspiring screen rights to celebrity scandals in a Hollywood growth industry. As Bernstein's estranged wife sold the screen rights for *Heathen*, his co-partner, Woodard, sold the screen rights for *Wired: The Short Life and Fast Times of John Gutfreund*, his book about the 1984 drug dealing of Salomon Brothers' chairman. It seems as if trying to cash in on the daughter of U.S. President Ronald Reagan, Patti Davis, had the night star in a TV movie based on *House Frost*, her semi-autobiographical novel about growing up with two ambitious parents based for the White House. Actrice, here above, went up, across director Harry Chapin released *Alone*, in which he reigned the story of his painful divorce. Chapin not only starred in the film but cast his ex-wife, Patrice Towanda, in the co-starring role. Many of Woody Allen's films play with auto-biographical elements. In 1984's *Broadway Danny Rose*,

sonly writer, his girlfriend Miss Parrow as his former wife and Parrow's half-sister, Maureen O'Sullivan, the former mother-in-law. And he used much of it in the itinerary of Parrow's own New York apartment. Those who play a more passive role than to have their faces removed to replace

times become philosophical about their
country. Bernstein, whose David
Helfman portrayed in *All the President's Men*, said of his upcoming
screen portrait in *Heartsbeart*: "I'm now
the only living Jewish American with
two movies based on my life—with the
exception of *Wendy Aller*." *Heartsbeart*
stands apart from the auto-
biographical art of *All the President's Men*.
Heartsbeart has become *inextricable*.

the layers of rancor, gossip and controversy underlying it.

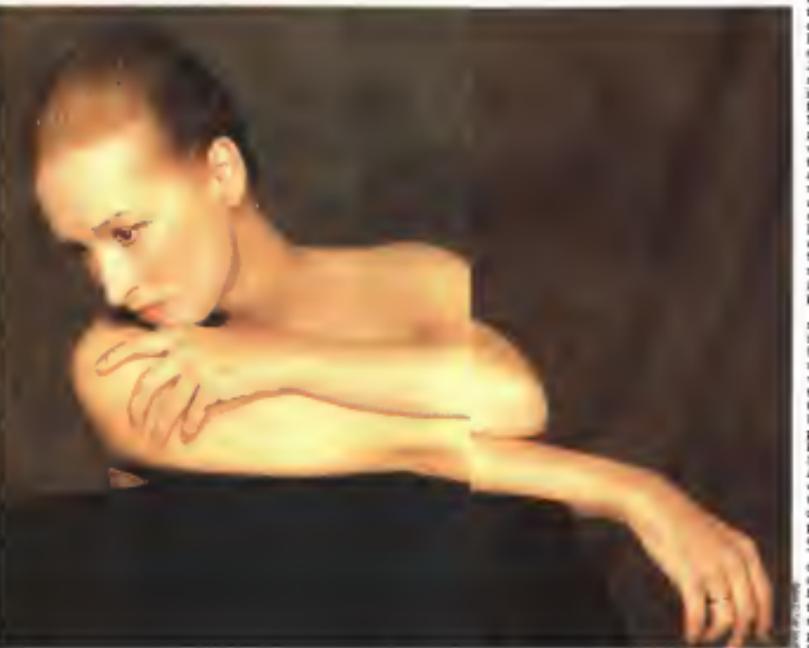
son's two main characters, Rachel, a New York food writer, and Mark, a Washington columnist and roguishness in Spokane and Bernstein is transparent. And the death of Bernstein's child, Rachel and Mark is having an affair. Theresa, wife of the ambassador of state for the Middle East. Another Epiphany, just before the birth of her second child, discovered that Bernstein was having an affair with Margaret Jay, wife of the British ambassador.

The issue before the court split down the middle in the much-vaunted *Fair column*. Tritton Vox and Ephron of violating the privacy of her two children, Jacob, 1, and 6. Bernstein's *boldfaced* he says, "has been equipped with the intensity of a mother toward her child." Meanwhile, both Ephron's new agreement and her song bring about for a lengthy legal battle. In view of sprawling patent claims of couple's two sons, the Ephron's divorce agreement last year left out how Bernsteins and the free should be portrayed in the. One clause stipulates that the

acter based on Bernatoff "will be played at all times as a caring, loving, and compassionate father." Another source said that the main characters "must be female, to distinguish from the Ephron/Bernatoff boys." Bernatoff also won the right to say revisions to the screenplay. And casting various versions of it, he successful court action to implement changes he had requested. As a result, the Bernatoff character is portrayed more sympathetically than in the novel. While the film includes large sections of the book's original intent, the "revision blind" is noticeably absent.

Women: In fact, Hollywood appears to have provided Bernstein with the ultimate forum for improving his image as Edna's book, passed on the fresh vines of betrayal, the husband was a drunken old cod. But is the like Nicholson adds wry, chance, vulnerability and taste. The book is a story of passionate tenderness punctuated by flashbacks of romance, but the film is a bitter-sweet romance ending in desolation. Bernstein said he shed the film after viewing a rough cut last January. Said Bernstein: "The movie lacks the kind of smugness, self-sacrifice, sense of the book." The sensibility of the book is John Sturges' film. The sensibility of this movie is...". Mrs. Nicholson added.

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Shows and museums, galleries, restaurants and other places mentioned above.

ives as well as legal ones for forcing a more enlightened treatment of the character. "A novel, after all," he said, "can be told from the viewpoint of one person, and a picture can't." Jack Nicholson and I both felt that the only way to give the story any kind of life was to present the husband's side with much respect as the wife's."

Nicholson (*The Graduate*, *Careel Knowledge*) has explored sexual wires since the 1960s, when he established his reputation in the comic sketches that he performed live with Elmore May. Over the past three decades his films and plays have served as sexual tests of changing times. He conquered Broadway with predominance of light. *Nell* drama comedies in the early 1980s. Then, in his 1988 screen adaptation of *Who's Afraid of Virginia Woolf?*, Elizabeth Taylor and Richard Burton, one of the most celebrated divided couples in Hollywood history, performed sexual cruelty on each other with some authenticity.

But despite the rancor and controversy that gave birth to *Miranda*, Nicholson insisted that it reflects an era of sexual reconciliation. "These are more forgiving, less embattled times," he said. "The anger of the 1960s is perhaps being replaced by something more generous."

Gale Nichols became interested in *Miranda* in 1985, when he was directing *Mary Shelley's Frankenstein*—a film co-written by Ephron. "No one was a friend," he said. "I liked her book enormously and thought it was a real accomplishment, and then began to see it as a possible big movie with Mary!" *Shelley*, who was anxious to do a comedy, eagerly took it. "I had been looking for something that was funny for a long time," she said, "but I couldn't find anything that had substance to it. This had guts and laughs."

Strips along with Nicholson and Nichols insisted that the script be treated as pure fiction. But the parallels with real personalities remain obvious. The film creates comedy out of Mark's health-improvement scheme, as he and Rachel live and the dust and debris of a gutted housework. And *Bertrand* is a connoisseur renovator, who even remodeled apartments he had temporarily sublet from others.

There are further parallels. Rachel, riding through her husband's American Express receipts, discovers incriminating evidence, including huge bills for flowers. Bertrand, too, has counted his losses with flowers. While pursuing Elizabeth Taylor, he gave her a magnificent floral arrangement, she replied, "This is all well and fine, Carl, but where's the poetry?"

And here's what ultimately links art with life in the *Miranda* saga in that everyone—fictional and real—seems addicted to gossip. Bertrand is as avidly participated in Washington's high-society gossip network. And when Bertrand tells his estranged wife about his romance with Taylor, he says that Ephron's response was, "Carl, would you please leave now so I can get on the telephone and tell all my friends?"

While Ephron is still reaping financial

more than 2,500 pages of formerly classified documents relating to Alfred and Ethyl Rosenberg from the FBI, which had investigated their labor activities.

Meanwhile, Woodward is completing a book about the CIA. Still a close friend of Bernstein's, he has spoken harshly of Ephron. "It's worse than revenge," he said. "It's malice, or at least it has that effect." Yet despite his quoted defense of the right to privacy, Woodward has come across fine for his own contributions to celebrity gossip. *Wired*. In fact, Nicholson, who was a friend of Bush's, has publicly branded Woodward "a grouch."

Ephron refuses to engage in public arguments about her work. Bilkert, to extract her story in others, she has consistently refused to do interviews about herself. As she wrote in *Miranda*, "If I tell the story, I control the version." She learned the laws of turning life into art from her parents, writers Phoebe and Henry Ephron. They wrote a 1981 Broadway comedy, *Take Her, She's Mine*, which concerned a middle-aged couple and their recalcitrant daughter, Mollie, a character based on

Nicholson.

Miranda turns intimate relationships into artistic property demands, with more than one writer involved in her novel. Ephron discusses a paradoxical sensitivity to the difficult *Miranda* contraries: scenes in which the wife banishes the husband for plundering their domestic life for literary ideas. "I sometimes felt as if I were living with a cannibal," Rachel complains.

Feeding on human

greed rewards from her marriage break-up, her former husband is less fortunate. Bertrand has had trouble meeting the exorbitant costs of his celebrity lifestyle. Unlike Woodward, who has remained steadily prolific since Watergate, Bertrand has seen his productivity decline. After leaving *The Washington Post*, he took a \$150,000-a-year news job at NBC television. But since quitting that position in 1984, he has been without a steady income. Continuing the Ephron/Bertrand tradition of sensational journalism, he is currently writing *People* magazine. People, an intimate sense of his left-wing parents. He has received

—BRIAN D. JOHNSON in Toronto



Streep: "I control the story, then I control the version of it."

consciousness in fluorescent lime-green sunglasses, Jack Nicholson was clearly in a mood to party. He had flown to Toronto for a tribute to fellow actor Warren Beatty during the city's annual film festival two years ago—only to find himself a focus of attention. When a female reporter arrived, "Want to dance?" on a note pad and held it up to him,

Nicholson smiled friendishly and drawled, "Pity, she used the wrong verb." With such men, Nicholson has earned not an image but one of Hollywood's most celebrated rogues. And in his latest film, *Miranda*, the actor—who has said, "Everything I do in my movies is ridiculous,"—applies his trademark charm to one of the most rakish characters of his career,

a Washington newspaperman who cheats on his pregnant wife. It is an impressive display of his talent, Nicholson investing the treacherous husband with warmth and humanity. Said Nicholson, "You have to search out the character's own rationalizations—a character's positive philosophy about himself."

Miranda: That comprehensive approach has made Nicholson, at 48, arguably America's premier actor. He is a veteran of 40 movies that make up a wide-ranging collage of contemporary masculine roles. He has played everything from a radio host (*Patriot's Honor*) to a former astronaut (*Gravity's Rainbow*). The creatively restless

Nicholson has also directed *Diane* (1979) and *One Down South* (1989). But he is best remembered for his complex portrayals of egomaniacs and antiheroes, including a rebellious inmate of an insane asylum in *One Flew Over the Cuckoo's Nest*—for which he won the 1975 Oscar for best actor. The dedication that Nicholson brings to such roles is legendary. Mike Nichols, who directed him in *Miranda* and *Careel Knowledge*, told *Newsweek*, "He works through intense personal preparation well before the

A DEVIL OF A FINE ACTOR

COVER:



Nicholson: a consummate professional with a sense of decadence and machismo.

debouched look of a stevedore pleasure-seeker. Yet his sense of fun is contagious. Recently he dropped by a *Entertainment* casting at Los Angeles' tiny club as photographers clustered around him. He stood his tongue out, grinned, then said his tongue and teeth were, "Make sure you get both my holes in." Despite a long-standing relationship with actress Anjelica Huston, he has had affairs with such celebrities as Margaret Trudeau. He is also an avid fan of the Los Angeles Lakers basketball team, which provides him with videos of games

Patricia Arquette, *Shameless* with ANNE GREGORY in Los Angeles

when he cannot attend. Currently, Nicholson is putting his aura of decadence and machismo to new extremes. He is now in New England shooting *The Watcher of the Skies*, a film version of John Updike's novel. He portrays the manic Darryl Van Horne, who envies at the violin and seduction. Typically, he is prepared obsessively for the part, studying the violin and even reading Dante's *Inferno* to ponder the nature of evil. He declared, "I want people to think that Nicholson is the devil."

The man in plaid goes as deeply into his characters as he does his gobs of fast food. As a child in Neptune, N.J., he liked to write whimsical stories to escape the tedium of his household in which the man he thought was his father was frequently drunk. There, in the mid-1970s he discovered that the woman he believed to be his older sister was his mother, while his "father" was in fact his grandfather.

WHAT HEY: As soon as he completed high school, Nicholson moved to Hollywood and drifted into acting. In 1968 he made his first movie, *The Cry-Baby Killer*, and went on to act in a string of low-budget B pictures. It was only in 1980, when he played an alcoholic Southern lawyer in *Always* *Alfie*, that he began to emerge as a major star. Now he is a wealthy one. His two-story villa, built out of a cliff overlooking Los Angeles, is accessible only by a private road. *Lucky* owns the driveway and paintings by Matassa and Pitcairn adorn the interior.

Still, even a Hollywood hedonist has worries. Nicholson said that he despairs of the continuing rash of formulaic, teenager-oriented films. To retain his delight in acting, Meryl Streep, his costar in *Miranda*, told *Newsweek*, "He brings a lot of joy to the art, as well as fun to act with him." Transferred from set to screen, that joy has turned Jack Nicholson into a cinematic legend.

THE SCREEN'S CHAMELEON

COVER

Meryl Streep has played more than her share of long-suffering victims—an Auschwitz survivor in *Sophie's Choice* (1982), a mother in nuclear power in *Jaws* (1975) and a widow who loses her lover and her son in *Out of Africa* (1985). Last year Streep said she would kill for a comedy role. She has found one in *Hannah*, the film based on Norma Ephron's (eldest sister) short, recently published memoir. Director Mira Nishnić had first discussed *Hannah* with Streep when they collaborated on *Silkwood*. And Ephron's script for the movie developed, quite literally, out of the sky while Streep was in Kenya filming *Out of Africa*. The actress told *Newsweek*'s in an interview last week: "It was flown in on a helicopter to the Maasai desert, a salt lake in the middle of nowhere. It was really funny to go sit in a tent, where it was a million degrees, and read that thing that was as far away—in the streets of New York and the backyards of Washington.

Akhnaten: Streep is Hollywood's chameleonic star. She affects dramatic shifts of accent, posture, complexion and hair color, and her characters appear to be as much a triumph of alchemy as of acting. She was pale and ethereally Victorian in *The French Lieutenant's Woman*, a gun-cheering Oklahoma activist in *Silkwood*, and then a scatterbrained Jewish housewife in *Hannah*. After whiling away the Academy Awards and receiving nominations for four more, Streep is one of the most acclaimed actresses of her time. Nichols, who directed her in both *Silwood* and *Hannah*, said, "Meryl's 'She has that almost uncanny ability to become different people physically, with very small, not immediately visible adjustments in her responses and in the way she carries herself.'

Streep's craft is rooted in an affectionate upbringing and a classical education. Born in New Jersey, she was one

of three children raised by Harry Streep Jr., a pharmaceutical company executive, and Mary, a commercial artist. She recalls that as a child she was unpopular and ugly. But in high school she took singing lessons, persuaded her hair and won the title of homecoming queen. Next, Streep took a BA at Van-

derbilt University, then a law degree from Yale.

Her early successes were comedies.

The *New York Times* called her "belle-lyully funny" in a 1977 production of Chekhov's *The Cherry Orchard*, but the next year the serious Streep was an Energy Dept. starring

in *Holocaust*, a somber drama about Nazi persecutions of the Jews. By 1980 she was a star with a series of acclaimed films, culminating with *Kramer vs. Kramer*.

Ghosts: As the actress has stretched the limits of her craft, adopting exotic accents and mannerisms, there has been some critical sniping. Toronto critic Jay Scott has called her "one of the most inventive actresses of her generation—the keeps finding new ways to be bad." But at a New York press conference this month Streep displayed a dry wit about critics: "Oh well," she said with mock disdain. "But it's not like I'm not somebody now. Well, we've seen so many awards, you know. Okay, okay, I'm sorry."

Considering her reputation for high drama, Streep is surprisingly good-humored and candid offscreen. She confessed that she does it "happily" to play scenes with babies in *Hannah*. "They will do hundreds of takes," she said, "where they kiss out of the camera shot or three up." Now living in rural Connecticut with her husband, actor Donald Gummer, Streep herself is mother to a six-year-old son, a two-year-old daughter and a baby girl born just two months ago. Devoted herself to motherhood, Streep said she no longer feels "that pressure to top myself." Next fall she plans to appear with Jack Palance in *Frontiers*. "I play a woman who has hit the skids," she said with a laugh. Once again, Streep will play a character far removed from her own charmed life.

—BRIAN D. JOHNSON/Toronto



Robert Redford, Streep in *Out of Africa*; Streep (below) inventing



BRIAN D. JOHNSON/Toronto



TIDES OF SUMMER FUN

COVER

As summer looms, it's an important time of year for the summer box office.

This summer studios are fighting back after a financially dismal spring. Says Dwightyn Ryans, reporter and film critic for *The Hollywood Reporter*: "In April there was a series of weak and forgettable releases. They were terribly forgettable and not well done."

Later in the spring two violent action

movies, *Cobra*, starring Sylvester Stallone, and *New Deal*, starring Arnold Schwarzenegger, surprised studio executives by failing to develop into blockbuster hits. But although the market is slacking for such films—what the industry calls "splatter flicks"—other types of action movies are making a strong showing. *Paradise, Florida*, a Port 80 film, which stars Tom Cruise as a hard-loving, high-flying fighter jet crewman, has grossed more than \$200 million in its first eight weeks in North America. It stands poised to become the first 1986 release to break the \$100-million U.S. barrier.

And a more recent, high-flying fighter jet crewman, Arnold Schwarzenegger, has grossed more than \$200 million in its first eight weeks in North America. It stands poised to become the first 1986 release to break the \$100-million U.S. barrier. And a more recent, high-flying fighter jet crewman, Arnold Schwarzenegger, has grossed more than \$200 million in its first eight weeks in North America. It stands poised to become the first 1986 release to break the \$100-million U.S. barrier.

For the rest, the summer's up-grading plan



Scene from *The Karate Kid*; (above) Daingerfield and friends brawling



Lavy, Mary Gross, Robin Duke, Marlene, reggae, audiences and chilling action

ALIENS
Directed by James Cameron

When last seen in the 1979 movie *Alien*, warrant officer Ripley (Sigourney Weaver) was the only member of her spaceship crew to survive an encounter with a massive space monster. After blasting the creature out of her space shuttle's airlock, Ripley attached herself to life supports and went into a deep sleep for the long voyage home. Ahab, that film's exciting sequel, resumes the story 30 years later when Ripley finally arrives back on Earth. As in the first film, big-business concerns are using distant planets for colonization. And now executives of the same corporation that is still Ripley's employer orders her to return to the deadly planet where she first encountered the alien species. The corporation wants to know what has happened to its colonists there. Ripley says reluctantly, "Have No Grips while I was away?" But she has to go or lose her job.

Accompanied by a group of tough, hard-edged survivors from whom we've seen Ripley return to the right, more peaceful. There the tiny bad facts that the mother alien has laid eggs which have hatched and killed the local humans. The only survivor in one wild child, a little girl named Newt (Carrie-Anne Moss), whom Ripley adopts. With bleak humor and an early brilliant soundtrack, Oscar-nominated director James Cameron (*The Terminator*) has turned *Aliens* into a cliff-hanging action fable.

—LAWRENCE OTTOOLE

CLUB PARADISE
Directed by Harold Bloom

Jack Mandor (Robin Williams) is a dependent firefighter who loves his job and retires to a Caribbean island that his son and relatives are only temporary. After a few-month stay, Jack, the hero of *Club Paradise*, becomes embroiled in a tax dispute because the island's unscrupulous prime minister (Adolph Caesar) and a mystic, shrewd Dennis (Gavin White), help a self-deluded nightclub owner drift from battle to service talk, the setting starts to fall apart. The island's other human residents resent the Elton John touch it's trying to attract.

Lion's ingenious, soft-headed glamour suits his role remarkably well. He is the perfect fit for Moore, whose character is easily in command of the relationships—intelligently, emotionally and sexually. While their passion drifts from battle to service talk, the setting starts to fall apart. The island's other human residents resent the Elton John touch it's trying to attract.

Those familiar with relationships may notice some view of relationships may be. Almost Last Night offensively along. The film-makers have performed surgical surgery on the original drama, revising its old ending. Some parents will see that as a classic case of Hollywood treachery. But the film works on its own terms, displaying more wit and emotional depth than a dozen original teen screenplays.

—BRIAN D. JENSEN

the proceedings. Commenting on the island's fragile democracy, Jack describes his adopted country as the "only country where the constitution is written in pencil." And Camer, who died last March after the movie was completed, carries off his male role with a gleeful and innumerable tenacity.

But the rest of the cast, including Williams, Saunders under Harold Ramis's unoriginal direction, O'Toole and Martin are burdened with shapeless characters, and reggae superstar Cliff does little more than provide songs for the soundtrack. *Club Paradise* turns out to be a package deal that skips on laughter.

—SETHIN SHARIT

"ABOUT LAST NIGHT"
Directed by Edward Zwick

For those who are tired of mindless youth movies about reckless teenagers, *About Last Night* provides some relief. Based on David Mamet's award-winning play *Seasame* from 1979, it is a story of young love told with a bracing blend of farce and cynicism. Danny (Bob Lowe), who sells restaurant supplies, meets Debbie (Demi Moore), an art director, at a softball game. After what they assume will be just a one-night stand, they fall in love and move in together—against the advice of both Danny's best friend, Bernie (John Goodman), and Debbie's roommate, Joan (Elizabeth Perkins). Joan becomes increasingly distressed about losing Debbie's friendship. And Berne, an architect, constantly berates Danny for making such tactical blunders as using the trenchy "f-word" (sex) especially with a "broad."

Lowe's ingenuous, soft-headed glamour suits his role remarkably well. He is the perfect fit for Moore, whose character is easily in command of the relationships—intelligently, emotionally and sexually. While their passion drifts from battle to service talk, the setting starts to fall apart. The island's other human residents resent the Elton John touch it's trying to attract.

While the financial problems were not entirely resolved, neither was the status of former Zola Budd, 25, and runner Azucena Cowley, 19. The South Africa-born athletes held British passports and were to represent England. Last week the Commonwealth Games Federation barred them, ruling that neither met the eligibility requirement that competitors live in the country they represent for at least six of the 12 months prior to the Games.

But this week a British high court will hear Cowley's challenge to the ban, and the two athletes will all appear by break of day to do the same. Crenshaw, co-chairman and the boycott's Conservative Mr John Carlisle urged all athletes to boycott. Said Carlisle: "The so-called Friendly Games have turned into the Vendetta

Tearing the Commonwealth's ties

They have come to be known as the "Friendly Games," a quixotic sporting symbol of the political ties between the 18 countries, colonies and protectorates that once comprised the British Empire. But as the eve of the 1991 Commonwealth Games, both the friendly and political ties were under severe strain. Competi-

tional problems. Organizers set out to raise a budget of \$85 million without government help. But last month they reported that they were \$8 million short of their target and turned to newspaper publisher Robert Maxwell. He became the Games' chairman, donated \$4 million and appealed for donations.

Games. They should be cancelled—but Games chairman Maxwell declared that the Games will go on. Said Maxwell: "Boycotting these Games will not succeed. If I did, I would not hesitate in cancelling the Games."

Among the competitors will be 280 Canadians. Last week Prime Minister Brian Mulroney said that a boycott "is not one of the elements that we would consider helpful." Even without the boycott, the Canadians—who finished third behind England and Australia in 1982—were favored to finish first.

Track and fielding events will be most affected by the boycott. Canada's Ben Johnson, who recorded the second-fastest 100-metre sprint ever in Moscow on July 13, now will not be pushed by his only Commonwealth rival, Nigerian Chine Okorie. And India's tournament favorite Bhupinder would have been a favorite in the 400-metre. Kenya's pull-off some Games. Mike Muli, winner of the 1984 Olympic bronze medal in the 16,000-metres, and John Njagi, winner of the world cross-country championship. And Kenyan bowers won three gold medals in the 1982 Games.

In an unexpected development last week, Canada also lost some key participants. Federal Minister of State for Fitness and Amateur Sport Otto Jahnke banned six athletes from the games after Sport Medicine Council tests found evidence of anabolic steroids in their urine samples. They were weight lifters Jacques Demers, Glenn Doidge and Mario Paratic; shot putters Michael Spartius and Peter Dunn; and discus thrower Robert Gray. Jahnke also cut off government funding to the athletes for life.

Still, Canada is sending its last-ever team. High jumper Debbie Bell is expected to represent the Commonwealth gold-medal performances of 1982 and 1970, and the world-ranked swimmers will renew their heated rivalry with Australia. But expressing a sentiment shared by athletes of the boycotting nations, Nigeria's team captain, long jumper Yessif Ali, said, "It is four years down the drain, and there is nothing we can do about it." Said Maxell, appealing to the boycotting nations: "For God's sake, don't do it. Let the Games go on." The Games will go on—but with a little less friendship and a little more politics.

—ROBB LISTER in London



The Canadian team at their Toronto send-off: less friendly and more political

Tales of cannibalism and Satanic rites

Dean LeBlanc, a veteran reporter with the Hamilton, Ont., Spectator, was covering a routine criminal trial last fall when he learned about a far more newsworthy case nearby. Intrigued, LeBlanc attended a hearing in a small family court—and learned as lawyers for the Hamilton-Wentworth Children's Aid Society (CWAS) presented arguments to make two young girls wards of the Crown. LeBlanc's Oct. 18 story on the hearing attracted attention across the country, because the girls alleged that their parents had forced them to take part in graveyard Satanic rituals involving the sexual abuse, murder and dismemberment of other children. A foster mother who took care of them last spring testified that the two girls had told her of "every mortal personed thing I ever heard tell of, and a lot I didn't."

The girls themselves are too young to testify in court, but the hearsay evidence relayed by their foster mother includes charges that their parents and other adults had forced them to eat human flesh, perform in pornographic films and witness acts of bestiality. And with more gruesome accusations following daily, District Court Judge Thomas Beckett tried to prevent sensationalist coverage. To that end, Beckett limited access to six media organizations which made representations to the judge last October that reporting the case would be in the public interest.

Besides The Hamilton Spectator, the organizations are Hamilton's CHCH-TV and CHML radio, The Toronto Star, the Toronto Globe and Mail and 1010 Radio Becket also learned the particulars of any details, even their age, which might reveal the children's identity. And last week, after listening to 94 days of evidence in a case presided over by lengthy delays and interruptions, the judge adjourned the case until



Bruce allegations of ritual killings and dismemberment

Aug. 16. Despite the recess, troubling issues remain concerning the credibility of young witnesses, the possible existence of a Satanic cult in the area and the procedures that police and social agencies followed.

For one thing, the CWAS case is heavily dependent on the testimony of the foster mother—a middle-aged woman

questioned the children and concluded that they were telling the truth. Declared one witness, Dr. Paul Stoenhouse, a psychiatrist at Toronto's Hospital for Sick Children: "I just couldn't conceive of any other explanation of something so detailed, rich and consistent over time."

By contrast, the two police officers, sergeants David Brown and David Bowen, who investigated the accounts of adults seriously torturing young victims and then stabbing or shooting them to death, say that the stories are simply fantasies. Bowen said that no charges have been laid in the case and he added that he has not found any experts of torturing children that match the descriptions of the supposed master victim. And despite wind坐立不安 and demands, children being lowered into coffins, the police say that they have not been able to find any graves matching the alleged victims.

Still, the police say that the children were abused. And they cite the foster mother's testimony that the little girls had inflamed genitalia and complained that their noses were sore when they first came to her house. But the caseworkers say undiagnosed therapy sessions show that the girls were reporting more violent events when they acted out such grotesque scenes as cocking babies in ovens.

The foster mother has also volunteered as evidence a collection of the children's drawings depicting equally disturbing scenes of violence. According to the foster parent, the older of the two girls once asked her: "How do you draw a picture when they don't have any legs or feet and the head is cut off? How do you draw a picture of a dead person when you take them out to be buried in a hole?"

But when the case resumes in August, the children's natural mother says she hopes to convince the court that she, her estranged husband and current boyfriend did not allow the children to take part in Satanic rituals. The woman has been present in court throughout much of the hearing—often shaking her head vigorously to indicate disagreement. At that time, Toronto lawyer Michael Hartnett will urge Beckett to accept the results of a polygraph test on the children's father. According to Hartnett, the polygraph data support his client's defense. Then it will be up to Beckett to decide if the children's grim tales are based in fact or fantasy.

CAS lawyer John Harper added arguments from 11 expert witnesses who



Stiller (left), Kolb discuss a drug that holds promise for new diabetics

SCIENCE

Waging war on diabetes

Four Toronto researchers—Frederick Bunting, Charles Best, J.S. Collip and J.R. MacLeod—discovered the life-saving qualities of a crude hormone derived from pituitary glands in 1921. And for the past 75 years, diabetes' major adversary, chemistry, has been predicated on the fight of diabetes. But the drug that is now produced by laboratory cloning of insulin has a major weakness: it does not cure diabetes, the third-ranking killer disease in North America, after cancer and heart attacks. The 4,600 Canadians who develop Type 1, or insulin-dependent, diabetes each year eventually suffer such complications as blindness and, according to experts in diabetes, a 10-year-old diabetic is unlikely to live past the age of 80. But there is growing evidence that Type 1 diabetes is caused by the body's defense system turning against its own tissues. And many researchers say that they hope cyclosporine, a drug which is commonly used in transplant surgery to inhibit the body's rejection mechanisms, may prove to be highly effective in treating newly diagnosed diabetes.

On June 26 in Edmonton, members of a team of French scientists reported the results of a cyclosporine trial involving 150 volunteers. They said that 40 per cent of the patients were in remission after nine months of treatment. By contrast only six per cent of French diabetics who received placebo or another substance in a similarly used control group were still in remission after nine months.

Then, two weeks ago Canadian researcher Dr. Calvin Stiller underlined the significance of those findings at a meeting of the International Congress of Endocrinologists in Toronto. Stiller, the chief of the multivisceral transplant unit at University Hospital in London, Ont., said that a 1983 Canadian cyclosporine study of 79 diabetics had achieved identical results. But he said that testing of cyclosporine was still in its experimental stages, and he added that the drug's potential side effects, which can range from unwanted hair

growth to kidney damage, could limit its usefulness.

Stiller, participants in Stiller's test now take cyclosporine twice a day in liquid form. And the 40 per cent who are in remission have given up their daily insulin injections. Frederick Stiller, who is currently helping direct another cyclosporine study involving a total of 300 Canadians, Florida, Australia and West Germany. "This is a tremendously exciting development. For the first time we are not just improving insulin in order to maintain life for diabetics, but we are actually stopping the disease."

The new approach has also led to a better understanding of the disease itself. Many scientists now say that diabetics have three or more genes that appear to make them susceptible to the illness. In addition, they say that an outside cause—probably a viral infection or an environmental toxin—is needed to set the disease in motion. Such a virus would then cause cells in the potential diabetic's immune system to begin attacking islet cells. These pancreatic cells produce insulin, and when the body has only 10 to 15 per cent of its normal complement of insulin-producing, or beta, cells, a victim begins to feel diabetic and has high blood-sugar readings. Left undiagnosed and untreated, the disease would kill within a year.

Scientists, including Stiller, now say that oxidative white blood cells, which direct the actions of other defensive cells, may be blame for the attack. Deirdre Hubert Kolb, a University of Manitoba immunologist and codirector of the joint cyclosporine trial, "It comes from animal models that a kind of white blood cell knows as macrophages preferentially eats the beta cells. They probably do this under the direction of T-cells."

Researchers say that cyclosporine will not replace painful daily injections for diabetics, who now account for 80 per cent of the patients in Stiller. They hope that within 10 years to 20 per cent of newly diagnosed diabetics will be able to choose between cyclosporine and insulin. But there are drawbacks, even though the cyclosporine doses used in the Canadian and European diabetes trials were 20 per cent lower than the amount received by transplant recipients; most of the volunteers experienced unanticipated growth of hair and gain tissue. While cyclosporine represents the greatest breakthrough in diabetes treatment since the discovery of insulin, scientists are continuing their search for the ultimate panacea that will banish the cells that destroy the body's supply of insulin.

—PAT DILLENBACH in Toronto

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there is a standard
against which all
others are measured.



Stradivarius Violin, Circa 1660.

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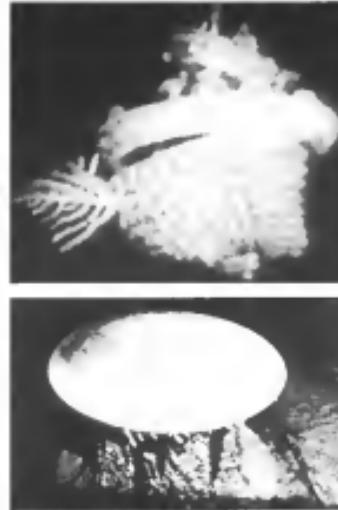
Exploring the Titanic's watery grave

Sweeping down the majestic grand staircase of the Titanic and into first-class quarters, a remote-control robot nicknamed Jason Jr. last week explored the steamer White Star Line's interior for the first time in more than 74 years. An expedition leader Robert Ballard watched a television monitor in a nearby submarine. Jason Jr., which Ballard calls a "wimpy eyeball," descended four levels below deck and transmitted five hours of video images, including dramatic shots of a crystal chandelier still hanging in an undebated first-class room. Earlier, Ballard and two other U.S. researchers made oceanic history when they landed their 26-foot-long mini-submarine on the deck of the Titanic. The ship, once thought to be unsinkable, now rests 13,000 feet under the surface of the Atlantic Ocean, 367 miles southeast of Newfoundland. Said Ballard: "It was like landing on the moon."

On the second of 12 planned dives, Ballard, chief diver Ralph Heiles and research assistant Martha Bowen uncovered a eerily intact world of apparently deep and remarkable preservation. It included the massive black bulk of the 46,000-ton liner covered with rope-like rivulets of red, orange and yellow rust, with the original brass fittings on deck polished by a half-inch-per-hour current. But the focus, from Woods Hole Oceanographic Institution, a private research organization in Massachusetts, found no remains of the 1,513 passengers who died when the 888-foot Titanic hit an iceberg and sank within three hours on the night of April 14, 1912.

For Ballard, a 46-year-old geologist, the two-and-a-half-mile dive made a three-man submarine called Alvin a mild disappointment after last year's thrilling first look at the wreck. Last September Ballard guided a remote-controlled camera around the Titanic and captured startling images of

the 280-foot gash along the bow that occurred when it struck the iceberg. The cameras also recorded a dozen glasses and numerous bottles of wine littering the mucky bottom nearby. But last week Ballard said the ship was in much worse condition than the 1985 photos had indicated. He added,



Chandelier (left): captured from the bow, "wimpy eyeball"

"It's a disappointment how extensively the organisms have eaten the wood aboard the ship."

From the research vessel Atlantis II, Ballard recounted the expedition's encounter to reporters at Woods Hole by ship-to-shore radio. He said Jason Jr. had examined the ship's gymnasium, the officers' quarters and the promenade area as well as the lookout post on the ship's forward mast. Said Ballard: "We could see where the two sailors were standing when they spotted the iceberg."

On the third dive of the week the

team spent nine hours at the central but less-glamorous purpose of the journey: Jason Jr. dove for the U.S. Navy, which provided \$200,000 to fund the project, which provided \$200,000 to fund the project. The oceanic self-piloted robot, about the size of a lawn mower, takes still photographs as well as television pictures, which reach its handlers aboard the submarine through a 250-foot electrical cable. And Ballard said his expedition may foretell any additional exploration of the Titanic. Said Ballard: "When they get access to our data, they'll see more than they ever want to see."

After exploring the bow section of the sunken ship, Ballard moved on to the stern and examined an 880-yard-long field of debris that the Titanic spilled when it broke in two at its stern. Later, Ballard renewed a pledge he made last year that he would not retrieve any relics from the wreck—although china cups lay within two inches of Alvin's mechanical arm. In an interview published in the current edition of *Oceans*, a U.S. science magazine, Ballard declared: "The Titanic is the first graveyard in the deep. I didn't expect the Titanic to hit me emotionally [but] there were the empty lifeboat davits hanging there with no boats. They were what all the people who died saw as they were looking for a lifeboat—empty davits."

At week's end, Ballard yielded his seat aboard Alvin to other scientists eager to explore a wreck which now carries two bronze plaques—commemorative tablets which Ballard placed there on his last dive. One plaque honors the disaster's victims, and a message on the second asks that "any who may come hereafter leave undisturbed this ship and her contents as a memorial to deep-water exploration." Like the Titanic's own polished fittings, those plaques should stand in the deep for years.

—KEVIN MCNAMEE with correspondents
opposite



Good taste is why you buy it.

Ballantine's

Mutiny and love on a literary voyage

THE STORY OF A SHIPWRECKED BAILOR

By Gabriel García Márquez

(Random House, \$16.95, 304 pages)

To some, publishers recycle the early work of great writers for the writing season, because the author's name is enough to guarantee huge sales rather than because of the work's literary merit. Whether that was the case with Gabriel García Márquez's *The Story of a Shipwrecked Sailor* is unclear. In his lengthy foreword to the book, the author says that it was. Is any case, readers have reason to be grateful. The book contains a fascinating memoir first published in newspaper installments three decades ago reconstructing 30 harrowing days in the life of an obscure young Colombian sailor. When García Márquez wrote the original newspaper pieces, he chose to tell the sailor's story in the first person and did not even name a ghostwriter's credit. But he has since become one of the world's most widely read writers and winner of the 1982 Nobel Prize for literature.

Unashamedly, the central story is so astonishing that it is easy to understand why it enthralled so many in 1965. In February of that year, eight crew members of the Colombian naval destroyer *Cádiz* were swept overboard in heavy seas while crossing the Caribbean from Almirante to Colombia. Only one sailor, 20-year-old Luis Alfonso Velasco, survived. He spent 10 days without food or water in a life raft surrounded by the sea and harassed by huge sharks. Finally washed ashore, he became a national hero.

The tale seemed to be a godsend to *El Espectador*, an opposition newspaper in Colombia's capital, Bogotá. In turn, the writer Llano had material above the level of competent, detached chirography to float his readers on a dreamlike sea containing real sharks. For Velasco, it was the end of a literary voyage. For García Márquez, it was only the beginning.

—IRIS CUMMING

Gabriel García Márquez's most recent book to appear in English, *The Story of a Shipwrecked Sailor*—is winning widespread praise from North American Mass media. His most recent novel, *El Amor en Tiempos de Claveles* (Love in Times of Cholera), has already sold two million copies since its tumultuous publica-

The Story of This Ship, a delight
But it is the way that García Márquez has retold the survival story itself
that makes the book special. The way
the writer says that in Velasco he found a
hero who had "an exceptional taste

for life in the Spanish-speaking world in December, 1965. Still, when Márquez recently interviewed the author in Bogotá, capital of his native Colombia, he complained: "I have lost my right to privacy. I don't have an anyone."

He began his writing career in 1946, at the age of 30, as a local reporter in a small newspaper in Barranquilla, a Colombian provincial city. He moved on to newspaper jobs in Bogotá, Paris, Caracas, New York City and Mexico City. Still, literary success eluded him until his 1967 novel, *One Hundred Years of Solitude*, became a best-seller. Translated into more than 30 languages, it transformed him into one of the world's most celebrated authors.

Despite that, he returned his love of journalism. After winning the 1982 Nobel Prize for literature, he announced that he would use the \$100,000 prize money to establish a newspaper in Colombia. He says that his main motive was to "enjoy the almost forgotten pleasure to report all the news, and not only a subjective selection of events." Early in 1983 he hired an editor and began assembling a team of 20 reporters, all of them under 30. That is as far as the project went. García Márquez will not discuss why he abandoned the venture, but many Colombians suspect that the army pressed him for his alleged sympathies with the country's left-wing guerrillas.

But the author is a singularly shrewd friend of Cuban leader Fidel Castro, he probably defense himself as a man committed to socialism. But he says that he is skeptical about doctrinaire socialist literature. Latin Americans want more than a simplistic resolution of the oppression and injustice they see so well," he said. "A love story is as valid as any other." The only duty of a writer—a revolutionary writer, if you will—is to write well.

He and his wife, Mercedes, live in a fashionable area of Mexico City, maintaining apartments in Paris and Bogotá. A constant traveller, García Márquez has at occasion assumed the role of unofficial ambassador among Latin American governments of differing political beliefs. Indeed, Colombia's president, Efraim Betancourt, has observed that García Márquez has the rare ability to deliver negative communications in a palatable way. It is the gift of a great novelist, too.

—WILSON REILLY in Bogotá



GABRIEL GARCÍA MÁRQUEZ: UNUSUAL AMBASSADOR

for the art of narration, an astonishing memory and ability to synthesize." In turn, the writer Llano had material above the level of competent, detached chirography to float his readers on a dreamlike sea containing real sharks. For Velasco, it was the end of a literary voyage. For García Márquez, it was only the beginning.

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Director Norman Jewison, MacDonald, "a signal that we are back in business."

THE ARTS

A minister's première

Fiona MacDonald's bittersweet return was a success. Last week in her new role as minister of communications, MacDonald faced 200 members from 27 of Canada's film and television organizations at a reception organized by the Canadian Film and Television Association. Rising from her chair in a Toronto roofing restaurant, MacDonald said, "Ladies and gentlemen, this is my first public statement as minister of communications." Then, she outlined her commitment to the proposed National Film Board of Canada whose fate had been in doubt, and announced the creation of a new feature-film fund. The film community welcomed the hand-as initiative developed by MacDonald's predecessor, Marcia Miesau, who became minister of energy, mines and resources in a June 30 cabinet shuffle. As the new minister sat down to lead applause, she could scarcely have wished for a better-sungred debut.

Canadian film producers, directors and distributors also have cause for satisfaction. Over the next five years, MacDonald's fund will evoke \$35 million annually to help increase Canadian movie production by 20 per cent to 30 or 40 films a year. The bridge between Canada's two film industries—seen in Quebec, the other outside it—MacDonald stipulated that 33 albums annually be set aside from the total to improve the quality and efficiency of dubbing French films into English and vice versa. Most significantly, she took up the banner of cul-

tural protectionism that Miesau had carried before her. Said MacDonald, a member of the so-called Red Tory faction of her party: "The question of Canadian sovereignty is not at issue in any trade talks. That's just a nonsense."

As for the NFB, the government recently cut its \$60-million annual budget this year by \$5 million and soon announced its future funding. MacDonald's announcements represent the first positive support the NFB has received in half a decade. The fund will forge a partnership between the board and *Postmedia* Group, the federal broadcast production financing agency, and for the first time the two will be eligible to collaborate as private-sector productions funded by *Postmedia*. Said NFB commissioner François Masseur: "It is a clear signal from the minister that we are back in business."

The NFB will also be involved in developing the new film-dubbing technology. Dubbing is an accepted fact of TV viewing life in most non-English-speaking countries that import U.S. programs. But North American studios have resisted switching shows that have been dubbed into English. Montreal producer Beck Dement (*The Dog Who Stopped the War!*, president of the Quebec Film and Video Producers' Association) says that better dubbing will enable Quebec film-makers to break into the lucrative international anglophone market. He added that by placing the dubbing at the time of

dubbing, and using expensive new mixing techniques, files can be dubbed as soon as they are recorded. This may not yet resolve the long-standing Quebec film producer Mario-Jean Raymond. (*The Tin Fish*) underscored both English and French film-makers' need for the new dubbing policy. Said Raymond: "The added market potential that this brings can only be a boost to both sides."

MacDonald also had称赞 words for the country's struggling film distributors. From now on, she said, Telstra will only release movies if they are scheduled for theatrical release in Canada by Canadian distributors. This is an aggressive stance that is likely to raise hackles in Hollywood; the powerful major distributors are sure to press for continued free access to the \$300-million Canadian video and \$100-million movie market, which they have traditionally dominated.

With her announcements, MacDonald has signaled the Americans that she is prepared to be an aggressive cultural nationalist as Minister. And she has already won early kudos in the film community. Now, the industry will be watching anxiously for the government to produce a sequel.

—ROY SHELDON in Toronto with ANTHONY WILSON SMITH in Montreal

MACLEAN'S BEST-SELLER LIST

Fiction

- 1 *A Perfect Spy*, le Carré (U)
- 2 *The Bourne Supremacy*, Ludlum (U)
- 3 *Power of the Sword*, Stoen (U)
- 4 *Last of the Breeds*, L'Amour (U)
- 5 *I'll Make You Hateless*, Krebs (U)
- 6 *The English Commandos*, Simonds (U)
- 7 *A Matter of Honour*, Archer (U)
- 8 *Lies Down with Lions*, Pickett (U)
- 9 *Art of War*, Bradford (U)
- 10 *The Mammoth Hunters*, Said (U)

Nonfiction

- 1 *Fatherhood*, Cooley (U)
- 2 *Fit for Life*, Diamond and Diamond (U)
- 3 *The Rehearsal Diet*, Katchalski (U)
- 4 *100 Best Companies to Work for in Canada*, Peters & Lewis (U)
- 5 *The Fall of the Roman Empire*, Encyclo (U)
- 6 *Walks & Edmund Lecture 1956-1957*, edited by Black (U)
- 7 *Invention*, Peter (S)
- 8 *Calligrapher*, Pennington with Justice (U)
- 9 *James Herriot Dog Stories*, Herriot (U)
- 10 *Easier Talking*, Erwin and Mergman (U)
- 11 *Positron for work*

—Compiled by Francois McSorley

The year's most bitter harvest

By Allan Fotheringham

The pleasure cannot be withheld any longer. The incessant demands are too much. The ones for fair play assault my ears and tear at my heart. Justice must be done. The appeals must be listened to. There is no denying their pertinacity.

I speak, of course, about the annual justification for turnabout—this being a most democratic page as you know—and the tradition of the readers having their say. It is humiliating to the soul to know what one's readers really think.

Front Page Challenge

“Fotheringham, I

know you are bloody thin on talent and you've written everything you write from somebody else, but can't you even do your own basic research? The Statue of Liberty was originally built to serve as a lighthouse at the south end of the Suez Canal and when that idea was discarded it was floated off on the Americans. And another thing, I know there is nothing you can do to control your genes but surely you could, in all decency, wipe that smug snarl off your face when you appear on Front Page Challenge? P. Berston is bad enough.”

From Bill Story of Oakton, Va.

“Mr. Fotheringham, Sir I am now able to understand why some Canadians get very upset with you and your habit of dating off woods without taking a really close look at where the burns, streams, half-baked or otherwise, fall. Half-baked remarks recently include the one about being able to buy guns at the corner store here in the U.S. Now, I realize that buying guns on the Canadian scene is vastly different and much more controlled by the central Gupta dollar and other policing establishments. That doesn't seem to keep Canadians from buying guns, especially those who should not have them. Nor am I denying that if I want to go to Alexandria and buy a gun, I can. Or go to Best's here in Fairfax County and buy a rifle. But last time

I checked, I could buy neither Pimpay nor a pistol at 7-Eleven. So that “exclusive” firing club in Newfoundland—I've been there, so have you—can't really be that exclusive, can it?”

Alan Hunt from Vancouver.

“Having a birth certificate listing Saanichwa as place of birth entitles you to wonder in awe from a flat-head perspective. And at your less-than-naïve height, that covers an awful lot of territory. That name, expensive, condescension, advanced age, or distance, has golded your robes. As evident in your June 9 Hill Her-

tars you could relax and drink with the old duffers at the Briercrest, and over cackles and tea reiteration about your acquirements through this forested and potentially-ever-tundra we call Canada.”

Dr. William J. Joey writes from Surrey, B.C.

“Dear Mr. Fotheringham: In view of your column (June 3, 1980) you may be interested to know that I defeated the College of Physicians and Surgeons in the changes that you mentioned in the Supreme Court of B.C. The College have now withdrawn their appeal against that decision. Of course your column is libellous but I have had more important battles to fight and therefore that aspect with you is closed. If ever you are in England please come to our holiday place in the country and try to throw a cricket ball from our garden to Remney. If you succeed we will buy you dinner. If not, the benders will be on you. Start training now, the distance is three miles!”

From Mr. Feeding Puky in Wimborne.

“Dear Mr. Fotheringham: You have played your sex organs so long it has affected your mind as the case, and is shown in your article—‘Prades.’ You have hit the bottom and I'd suggest you to get a cassette to Remna where all the other U.S. have live and they don't read blibes. We have decided not to buy any more of McLuhan with the last page you can of his idiot.”

From Tom.

“Mr. Allan Fotheringham: Every time that you started in the previous letter still stands. You really don't realize all that much mail, but neither are you granted enough to consider the effect of another's words. You are a tired old hand! You've been slacking away at your column for years, not really getting anywhere, just jumping off the words, to 30 or 40 pages, and get your just cheese? You haven't stated anything important to humanity yet! As I said, everything still stands, however now it will be with a difference—YOU'RE A LOSER! And with continue to LOSE—your actions and attitudes CONFIRM IT!”

“Hence in B.C. you could watch the glorious sunsets slip over the west coast and your career as a columnist. Is Vie-



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We talked and talked...
and never ran out of things to say.



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